



VISION STATEMENT

To become the Credit Union and Financial Partner of choice for 95% of GraceKennedy employees by 2015.

MISSION STATEMENT

We are committed to assisting our members to meet their personal financial goals through the provision of superior Credit Union services delivered by great staff and volunteers, empowered with the right skills, necessary tools and shared vision.

We will offer personalized and friendly customer service, prudent financial advice and a safe and competitive opportunity for loans, savings and investments.



Grace Co-operative Credit Union Limited

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Grace Co-operative Credit Union Limited



FIVE YEAR STATISTICS

	2011	2010	2009	2008	2007
PERMANENT SHARES	2,070,000.00	2,028,000.00	2,025,000.00		
VOLUNTARY SHARES	271,230,902.00	244,997,072.00	220,072,221	195,258,241	175,509,294
% Increase over prior year	10.71%	11.33%	12.71%	11.25%	3.29%
INSTITUTIONAL CAPITAL	53,386,042.00	53,285,146.00	52,527,957	48,007,463	44,173,500
% Increase over prior year	0.19%	1.44%	9.42%	8.68%	8.82%
LOANS TO MEMBERS (Gross)	299,766,556.00	237,049,523.00	226,391,896	213,641,828	193,207,424
% Increase over prior year	26.46%	4.71%	5.97%	10.58%	2.35%
TOTAL ASSETS	457,704,292.00	395,956,766.00	379,887,171	354,696,359	311,137,050
% Increase over prior year	15.59%	4.23%	7.10%	14.00%	2.57%
CURRENT ASSETS ****	123,861,495.00	127,026,780.00	124,716,139	115,053,420	94,302,418
CURRENT LIABILITIES ****	400,187,444.00	335,064,552.00	304,241,374	284,810,690	70,298,045
INCOME AND SURPLUS					
INCOME	46,303,684.00	51,001,061.00	56,284,353	48,427,013	43,498,017
% Increase over prior year	-9.21%	-9.39%	16.23%	11.33%	#REF!
EXPENSES	147,052,714.00	47,174,244.00	33,731,362	29,424,897	25,996,606
SURPLUS	3,742,945.00	3,742,945.00	22,557,630	19,002,116	17,501,411
%(Decrease)/Increase over prior year	0.00%	-83.41%	18.71%	8.57%	#REF!
UNDISTRIBUTED SURPLUS	410,482.00	3,687,945.00	19,830,372	18,558,738	17,836,743
RESERVES	48,227,091.00	48,122,220.00	47,359,031	44,895,537	41,061,574
DIVIDENDS PAID	0	0	16,720,398	14,424,698	15,122,281

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ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited

FIVE YEAR STATISTICS Cont'd.

RATIOS	2011	2010	2009	2008	2007
CURRENT ASSETS	0.38:1	0.38:1	0.41:1	1.14:1	1.34:1
SURPLUS TO INCOME	8.08%	7.34%	40.08%	39.24%	40.23%
EXPENSES TO INCOME	317.58%	92.50%	59.93%	60.76%	59.77%
INCOME TO TOTAL ASSETS	10.12%	12.88%	14.82%	13.65%	13.98%
SURPLUS TO TOTAL ASSETS	0.82%	0.95%	5.94%	5.36%	5.62%
UNDISTRIBUTED SURPLUS TO SHARE CAPITAL	0.09%	0.93%	5.22%	5.23%	5.73%
MEMBERSHIP	2725	2621	2,559	2,662	2,518
BORROWERS	1234	1757	1,571	1,374	1,331
BORROWERS TO MEMBERSHIP	45.28%	67.04%	61.39%	51.62%	52.86%

NOTICE

is hereby given that the
43RD ANNUAL GENERAL MEETING
of the
Grace Co-operative Credit Union Limited
will be held on
WEDNESDAY, JUNE 20, 2012
in the
LUNCHROOM, GRACEKENNEDY LIMITED
at 73 HARBOUR STREET, KINGSTON.
The meeting will commence at 4:30 p.m.

*Registration will begin
at 4:00 p.m.*

*Signed: Karen Walker
Secretary- Board of Directors*

ANNUAL GENERAL MEETING 2012

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AGENDA

- 1. Ascertainment of a quorum**
- 2. National Anthem (led by Felleshia Francis)**
- 3. Notice convening Annual General Meeting**
- 4. Prayer**
- 5. Welcome and apologies for absence**
- 6. Confirmation of Minutes of the 41st Annual General Meeting**
- 7. Reports of:**
 - a) Board of Directors
 - b)
 - i) Auditor & Treasurer
 - ii) Appropriation of Surplus
 - iii) Fixing of Maximum Liability for Loans and Deposits
 - c) Nomination of Auditors
 - d) Credit Committee
 - e) Supervisory Committee
 - f) Recruitment and Marketing Committee
 - g) Recruitment/Education Committee
 - h) Report on JCCUL's AGM 2010
- 8. Election of Officers (See Nominating Report)**
 - a) Board of Directors
 - b) Credit Committee
 - c) Supervisory Committee
 - d) Delegates to the League's Annual General Meeting
- 9. Tributes to Retiring Volunteers**
- 10. Any other Business**
- 11. Gate Prizes**
- 12. Adjournment**



Grace Co-operative Credit Union Limited

MINUTES OF THE 42ND ANNUAL GENERAL MEETING OF GRACE CO-OPERATIVE CREDIT UNION LIMITED HELD ON WEDNESDAY, JUNE 8, 2011 IN THE LUNCHROOM, GRACEKENNEDY LIMITED, 73 HARBOUR STREET, KINGSTON

ASCERTAINMENT OF QUORUM, CALL TO ORDER

Having ascertained that a quorum was present, the Chairman, Gilroy Graham, called the meeting to order at 4:45 p.m.

NATIONAL ANTHEM

Mr. Kurt Ross led the singing of the National Anthem.

NOTICE CONVENING ANNUAL GENERAL MEETING

The Notice convening the Annual General Meeting was read by the Secretary, Jerry Hamilton.

PRAYER

Prayer was offered by Saneth Morgan.

WELCOME & APOLOGIES FOR ABSENCE

All present were welcomed. Special welcome was extended to:

Ms Karen Lyttle

Ms Nadia Byfield

Ms Janessen Facey

Mrs. Nicola Johnson Young – Cuna Mutual Insurance Society

Mr. David Wan – Cuna Mutual Insurance Society

Ms Phillipia Beckford. – Cuna Mutual Insurance Society

Mr. Cyrene Gilbert – Gilbert Thompson & Co., (Auditors)

Ms Cynthia Brown – Gilbert Thompson & Co., (Auditors)

Ms Joy Goulbourne - JCCUL

Ms Claudette Christie - JCCUL

Apologies for absence were tendered on behalf of Paula Barclay, Carrol Christian and Colleen Richardson.

CONFIRMATION OF THE MINUTES OF THE 41ST ANNUAL GENERAL MEETING AND MATTERS ARISING

The Minutes of the 41st Annual General Meeting held on June 9, 2010 were taken as read on a motion by Zak Mars and seconded by Lorna Reynolds Minott.

There being no amendments, the Minutes were confirmed on a motion by Karen Walker and seconded by Catherine Kennedy.

REPORTS

a) Report of the Board of Directors

The Board of Directors' Report for the year 2011, having been circulated, was taken as read. The highlights were as follows:

➤ As at December 31, 2010, membership stood at 2028 as against 2025 for the corresponding period in 2009.

➤ Members' deposits (including voluntary shares) as at December 31, 2010 stood at \$ 311.9 million as against \$278.8 million in 2009. That represented an increase of 11.8% in an

Grace Co-operative Credit Union Limited



environment which saw reduced disposable incomes for our members as well as increasing job uncertainty.

- Loan portfolio was \$237 million with total provision of \$148,859.00. That reflected an increase of \$10.6 million or 4.71% over the previous period.

During the year the unsecured Rescue Loan was launched and was well subscribed by members. However, in preparation for the impending regulations by the Bank of Jamaica, the Credit Union had to absorb other loans secured by company and individual guarantees into the unsecured portfolio. As a result, the unsecured loan portfolio stood at 9.17% of the total loan portfolio as at December 31, 2010.

Products offered and procedures implemented during the year included:

- Significant changes to the interest rate structure of loans resulted in the decrease in rates by up to 400 basis points.
 - The Back to School loan was reviewed allowing members to access increased amounts, up to \$150,000.00 at more attractive rates and with longer repayment periods. The ceiling of \$5 million was over-subscribed.
 - Members could access up to \$200,000 on an unsecured basis .
 - Motor vehicle loans were made more attractive with increased levels of financing, lower interest rates and longer repayment periods. Members could qualify for even longer repayment periods based on the amount of savings used as collateral.
 - Service fees were kept at minimal levels to ensure the competitiveness of our services.
 - The maximum individual loan limit was increased from \$3 million to \$4 million.
- During the year, the Credit Union was able to contain delinquency within 1% of its loan

portfolio. That was within the 5% standard established by the Bank of Jamaica and the Jamaica Co-operative Credit Union League. The Credit Union however incurred a bad debt of \$5,808.94 which was written off during the year.

The continuing selfless contribution of directors to the oversight of our Society was acknowledged. Special acknowledgement of the stellar involvement of Treasurer, Miss Janette Taylor, for over fifteen (15) years service was made and also deep appreciation to Mrs. Paula Barclay was extended as they retired from the Board.

Deep appreciation was also extended to a number of individuals and entities who contributed to the growth of the Credit Union and included among others: members of staff, members, the Chairman and Directors of GraceKennedy Limited, and the Auditors, Gilbert Thompson & Company.

On a motion by Richard Riley and seconded by Stanley Beckford, the Report of the Board of Directors was adopted.

b) (i) Auditor and Treasurer's Reports

The Auditors' and Treasurer's Reports were taken as read on a motion by Sydoney Johnson and seconded by Leighton Grant.

Auditor's Report

The Auditor's Report was read by Cyrene Gilbert.

Treasurer's Report

The Treasurer noted that the Credit Union received \$34.9 million in interest on loan, \$15 million in investment income, and \$1.1 million in non-interest income being fee income and commission. This total income of \$51 million represented a decrease of \$5.3 million or 9.4% over the previous year.

The Auditors' and Treasurer's Reports were adopted on a motion by Naomi Holness and seconded by Andrew Messado.



Grace Co-operative Credit Union Limited

(ii) Appropriation of Surplus

An interest payment of 8.5% on voluntary shares was proposed.

Motion for the adoption of the declaration of surplus was proposed by Eric Mardner and seconded by Lorraine Blair Baker

The Motion was carried.

(iii) Fixing of Maximum Liability for Loans and Deposits

Motion for the maximum liability of the Credit Union to be capped at 12 times the Credit Union's Capital was proposed by Odian Stewart and seconded by Aden Whittaker.

The Motion was carried.

c) Nomination of Auditors

Motion for the nomination of the Auditors, Gilbert Thompson & Company, was proposed by Camile Mundell Barrett and Beverley Wright.

The Motion was carried.

d) Credit Committee Report

The Report of the Credit Committee, having been previously circulated was taken as read.

Highlights of the Report:

The Credit Union had loans on its book valued at approximately \$237 million, an increase in the loan portfolio by \$10.66 million or 5% over that as at December 2009.

Total loans disbursed during the year amounted to \$221.8 million, \$50.6 million or 30% more than the previous year. The number of loans disbursed totaled 2244 and was 146 or 7% more than that disbursed in 2009. It should be noted that of the total loans disbursed, \$63.3 million represented loans that were re-financed and were not considered new disbursements.

Loans for personal needs topped the loan demand at

\$57 million compared to \$34.1 million last year, followed by loans for motor vehicle purchases at \$28.3 million compared to \$32.8 million in 2009. Loans for educational purposes followed at \$24.1 million in comparison to \$14 million in the previous year.

The environment remained very challenging in 2010 as members were financially challenged. The unstable job market saw persons consolidating rather than taking on new obligations. Some of the strategies undertaken by the Credit Union to combat this included:

- revision of interest rates
- revision of product offerings
- member education

As the environment in which the Credit Union operates continues to change, the management has been exploring new and creative products and services to provide solutions to assist its members.

On a motion by Catherine Kennedy and seconded by Dionne Rhoden, the Report of Credit Committee was adopted.

e) Supervisory Committee Report

The Report of the Supervisory Committee, having been previously circulated was taken as read on a motion by Karen Walker and seconded by Marcelle Smart.

Highlights of the Report:

During the year, the Committee met to examine the affairs of the Credit Union and performed follow-up reviews on the audit issues reported by the Credit Union League.

During the year, the Jamaica Co-operative Credit Union League Ltd (the Credit Union League) was contracted to review the areas outlined below:

1. Disbursement
2. Bank Reconciliation

Grace Co-operative Credit Union Limited



3. Compliance with

- a) The Co-operative Society Act & Regulations
- b) The Rules of Jamaica Co-operative Credit Union League
- c) Insurance & Pension Payments
- d) Proceeds of Crime Act

The Committee was satisfied that the Board of Directors, Officers and Staff members handled the affairs of the Credit Union properly, provided the Committee and the League with the information required and dealt promptly with the queries and the recommendations made by the Committee and the Credit Union League.

On a motion by Lorna Reynolds- Minott and seconded by Joni-Gaye Cawley, the Report of the Supervisory Committee was adopted.

f) **Recruitment and Education/Marketing**

The Report of the Recruitment and Education/Marketing Committee having been previously circulated was taken as read on a motion by Roxanne Brown and seconded by Joan Walters.

Highlights of the Report:

The Credit Union again offered its Annual Education Assistance Program. Children of members were eligible for the grant and so members are encouraged to motivate their charges to work hard, maintain good grades and to apply for this grant. The funds are available to assist with school fees, books and uniforms.

The grants are available for students who:

- ❖ are entering high school for the first time after having sat the GSAT examinations
- ❖ are in high school and will be sitting the CSEC or GCE exams in the following year or
- ❖ are entering a tertiary institution for the first time.

Successful candidates were chosen based on their

high academic performance, extra-curricular activity and general exemplary behaviour. Those were assessed based on school reports. The total amount available for disbursement was \$250,000.00.

On a motion by Lorraine Blair Baker and seconded by Beverly Wright, the Report was adopted.

g) **Report on JCCUL's AGM 2010**

The Report of the Delegates to JCCUL's 69th AGM having been previously circulated was taken as read on a motion by Joni-Gaye Cawley and seconded by Catherine Kennedy.

The meeting was advised that Jerry Hamilton was elected to sit on the Board of the Jamaica Co-operative Credit Union League as a Director.

On a motion by Beverly Wright and seconded by Camille Mundell Barrett, the Report of the Delegates to JCCUL's 69th Annual General Meeting was adopted.

Elections

Ms. Karen Lyttle of the Department of Friendly Co-op Societies conducted the elections.

Board of Directors

There being no other nominations, the following nominees were elected to serve on the board for the next two years:

Mr. Christopher Bond	Mr. Joseph Taffe
Ms. Catherine Kennedy	Mrs. Sandra Barnett
Mr Eric Mardner	Mr. Andrew Levy

They joined Gilroy Graham, Jerry Hamilton and Karen Walker.

Credit Committee

There being no other nominations, Leighton Grant, Marcia Dinnall-Douglas and Colin Atkinson were elected to served for the next two years.They joined Marsha Cope-Johnson and Sophia Gordon-Dennis.



Grace Co-operative Credit Union Limited

Supervisory Committee

There being no further nominations, Troy Marie McDonald, Lorna Reynolds-Minott, Beverley Wright, Jean Grant and Aden Whittaker were elected to serve for one year.

Update on BOJ Regulations and JCCUL Resolution

Claudette Christie from the League made a presentation on the proposed changes to the Regulations being made by the BOJ. She said that the League was not against Credit Unions being regulated; however there are five issues to be ironed out. They were:

- 1) Unsecured credit
- 2) Unclaimed money going to Accountant General after 15 years
- 3) Capital requirement for the start of a Credit Union
- 4) Time to comply with minimum capital requirement
- 5) Cash Reserves

The President took the meeting through the proposed Resolution.

Acceptance of the Resolution

Motion was proposed by Marcelle Smart and seconded by Dale Beckford. The Motion was carried.

Members were encouraged to sign the petition.

Deborah Stewart made a presentation on the operations of the United Way of Jamaica. The meeting was informed that GraceKennedy Foundation and the United Way of Jamaica had been working together for over 20 years doing work in the community. Members were encouraged to give of their time. Annual deductions from salary to the United Way could be done by the Credit Union and remitted to UWJ. Members were encouraged to volunteer.

Tributes

- a) Sydoney Johnson presented by Sophia Dennis
- b) Paula Barclay, in her absence, Catherine Kennedy accepted the gift presented by Joe Taffe.

- c) Janette Taylor presentation done by Chris Bond
- d) Karlene Burgess presented by Gilroy Graham.

ANY OTHER BUSINESS

- a) Ratification of write-off
The Credit Union incurred a bad debt of \$5,808.94 which was written off during the year. Ratification of that write-off was sought. On a motion by Marcelle Smart and seconded by Dalphine Jackson, the request was approved.
- b) Members of staff of the Credit Union were introduced to the meeting.
- c) New Products
The meeting was advised of new products being offered by the Credit Union. They were:
 - (i) Wheels Express at an interest rate of 12.5%
 - (ii) Appliance/ Technology loan at an interest rate of 14% on the reducing balance with a maximum repayment of six months
 - (iii) Vacation loan
 - (iv) Rescue loan, interest rate of 18% for up to 18 months
 - (v) Back to school loan at 12% for 12 months
- d) With the recent merging of Credit Unions, the question was raised if Grace Co-op Credit Union would be able to stand on its own. The President stated that at the present time there was no need to merge. Those which were merging did so to continue to provide the service.
- e) Those volunteers who were retiring were serenaded by Kurt Ross.

GATE PRIZES

The following persons won various prizes:

Stacy-Ann Gray	Joni-Gaye Cawley
Camille Barrett	Befekadu Russell
Joan Cummings	Corline Campbell
Jeseka Williams	Estella Brown

ADJOURNMENT

The meeting adjourned at 7:00 p.m.

Grace Co-operative Credit Union Limited



REPORT OF THE BOARD OF DIRECTORS FOR YEAR ENDED 31ST DECEMBER 2011

OVERVIEW

During 2011, our Credit Union continued to show positive results despite the continued challenges in the local economy, coupled with operating in a very competitive environment. The leadership and support provided by the dedicated Directors, Management and Volunteers, combined with its committed staff, resulted in the Credit Union again achieving growth in the major financial areas of deposits, loans and assets.

Your Board and management, during the year, began using the Balance Scorecard to identify the key success factors of the Credit Union, and the associated strategies, targets and measurement systems to be used to continuously assess our

progress in improving our services to you, our members. This has already begun to show increased focus among our team and opportunities for further improvement.

MEMBERSHIP

A number of initiatives were undertaken by the Credit Union throughout the year to drive its membership growth. Credit Union staff members conducted onsite presentations at various companies within the group to “woo” members. There was also a constant drive to encourage new GK employees to join the movement. At the end of 2011, the Credit Union membership stood at 2,051, increasing from 2,028 for corresponding period in 2010.

GROWTH

Financial Performance Highlights

	2011 J'000	2010 J'000	Annual Growth/ (Decline)
Permanent Shares	2,070	2,028	
Voluntary Shares	271,231	244,997	10.71%
Deposits	110,252	66,944	64.69%
Loans	299,767	237,050	26.46%
Assets	457,704	395,957	15.59%

DEPOSITS

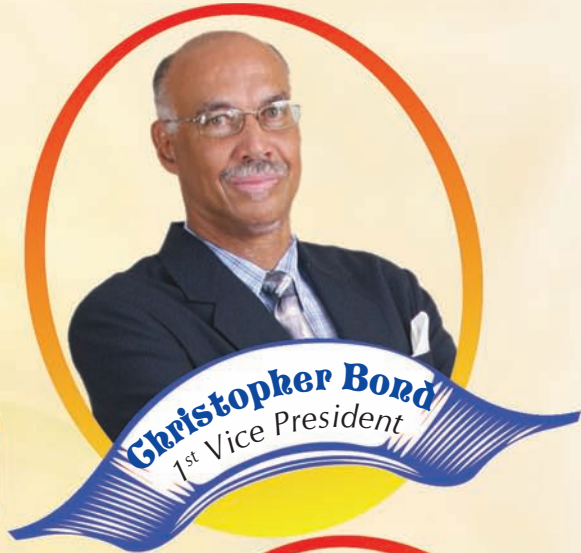
Members' deposits increased by a whopping 64.69%, moving from \$66.9 million in 2010 to \$110.2 million in 2011. This significant increase reflects the confidence our members continue to have in our society as a safe and competitively priced home for their savings.



Grace Co-operative Credit Union Limited



Gilroy Grahame
President



Christopher Bond
1st Vice President



Eric Gardner
Treasurer



Jerry Hamilton
2nd Vice President



ANNUAL GENERAL MEETING 2012

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Grace Co-operative Credit Union Limited



Karen Walker
Secretary



Catherine Kennedy
Asst. Secretary



Sandra Barnett
Asst. Treasurer



Andrew Bery
Director



Tamara Garel
Director

Directors

We are always here for you!

ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited

LOANS

Our loan portfolio at the end of 2011 was \$299.7 million, reflecting an increase of \$62.7 million or 26.46% over the corresponding period last year. During the year, the Credit Union loan policies were reviewed to ensure greater competitiveness. 2011 also saw the introduction of new loan products along with increased marketing of existing products and services. The following initiatives were also employed:

- Interest rates on loans were constantly reviewed and reduced, thus ensuring that the Credit Union rates remained very competitive.
- The Credit Union's unsecured loan limit was increased from 8% to 12%, which resulted in more funds being available to the members for borrowing.
- Members were able to access loans more quickly as they no longer had to wait for three (3) months before utilizing lump sums as was required previously.
- New members were able to access loans outside of their shares and savings immediately upon becoming a member and were no longer required to wait for three (3) months as was required previously.
- Our Motor vehicle loan policy was again amended in 2011 as follows:
 - ❑ Special interest rate/ loan offerings under the Wheel Express scheme
 - ❑ The discontinuance of using the year of manufacture as year 1 to determine the age of the vehicle
 - ❑ Increasing the level of financing available by changing the relevant formula used to determine how the use of the vehicle itself as collateral was calculated from the lower

of cost or forced sale value to reflect the lower of cost or market value instead of the lower of cost or forced sale value.

- A new 14% Appliance/Technology loan facility was also introduced in 2011, repayable over 6 months with a maximum loan amount of \$100,000.00.
- The terms for Vacation, Rescue and Education loans were amended to reflect lower interest rates, longer repayment periods and an increase in the amount available for borrowing.

During 2011, the Credit Union, in a bid to improve its operation efficiency, introduced the electronic fund transfers (ACH) system. Members now have the option for funds to be deposited directly to their bank account versus receiving a cheque payment. This was received favorably by most members as they no longer have to visit the office to collect cheques.

ELECTION OF OFFICERS

At the statutory meeting held, subsequent to the elections at the last Annual General Meeting, the following officers were elected:

BOARD OF DIRECTORS

Gilroy Graham	-	President
Christopher Bond	-	1 st Vice president
Jerry Hamilton	-	2 nd Vice President
Eric Mardner	-	Treasurer
Sandra Barnett	-	Assistant Treasurer
Karen Walker	-	Secretary
Catherine Kennedy	-	Assistant Secretary
Andrew Levy	-	Director
Joseph Taffe	-	Director

SUPERVISORY COMMITTEE

Beverley Wright	-	Chairperson
Jean Grant		
Troy Marie McDonald		
Lorna Reynolds —Minott	-	Secretary
Aden Whittaker		

Grace Co-operative Credit Union Limited



CREDIT COMMITTEE

Sophia Gordon-Dennis	-	Chairperson	Marcia Dinnall-Douglas
Marsha Cope-Johnson	-	Secretary	Colin Atkinson
Leighton Grant			

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Twelve meetings were held with the Board, joined each quarter by members of the Credit and Supervisory committees. The record of attendance for the Board members was as follows:

Directors	Max # possible	# at which present	# for which excused
Gilroy Graham	12	11	1
Christopher Bond	12	12	0
Jerry Hamilton	12	12	0
Eric Mardner	12	12	0
Sandra Barnett	12	9	9
Karen Walker	12	10	2
Catherine Kennedy	6	5	1
Andrew Levy	12	5	7

HUMAN RESOURCES

The Credit Union ended the year with a staff complement of six. Shauna Isaacs joined the team in January, 2011 assuming the position of Accounting Officer and was later promoted to the position of Accountant due to the sudden passing of our late Accountant, Susanna Dubidad-Thomas. The Credit Union's continued thrust of ensuring that its staff are staff is encouraged to develop themselves for future opportunities saw Miss Felliha Felleshia Francis being promoted to the position of Accounting Officer, and the resulting vacant position was filled by Roneiph Lawrence who joined the team in September 2011.

TRAINING

The Credit Union remained committed to providing its staff and volunteers with the relevant training and support. Of particular note was the attendance by and participation of staff members

and volunteers in the Proceeds of Crime Act (POCA) training session and a Service Excellence workshop.

EDUCATION GRANTS

Once again our members were invited to apply for education grants for their children and this was enthusiastically received. Fifteen (15) students were selected and \$270,000.00 was disbursed among them.

COMPLIANCE

For the period under review, the financial statements were prepared in accordance with the International Financial Reporting Standards and complied with the Co-operative Societies Act. The Credit Union also satisfied all the reporting requirements of the Jamaica Co-operative Credit Union League and the Bank of Jamaica.



Grace Co-operative Credit Union Limited

OBITUARIES

The following members passed on during the year:

Jacob Thomas

Oneil Williamson

Arlene Lym

Susanna Dubidad-Thomas

Gloria Watson

Novelette Irving

Marlene Edwards

Condolences are extended to the family members of the deceased.

FUTURE PLANS

As we start another difficult year, the Credit Union will continue to strive for success by remaining focused and committed to assisting you, our members, in meeting your personal financial goals. The team will continue to identify and provide quality products and services at competitive interest rates, delivered at a high service level.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I acknowledge the continued and committed contribution of my fellow volunteers to the oversight of our Credit Union. The Board also wishes to especially acknowledge fellow Director Joe Taffe who retired from the Board during 2011, for his outstanding performance and involvement in this Credit Union for the past 23 years. We also extend our deep appreciation to Director Sandra Barnett who is retiring from the Board, also Colin Atkinson and

Marcia Dinall-Douglas, retiring from the Credit Committee.

Appreciation is also extended to the following contributors:

- The Chairman and Directors of GraceKennedy Limited, its subsidiaries and associated companies.
- Members of the Credit, Supervisory, Recruitment, Education/Marketing and Nominating Committees.
- Directors and staff of the Jamaica Co-operative Credit Union League.
- The Department of Co-operatives and Friendly Societies
- CUNA Mutual Insurance Society
- Our Auditors, Gilbert Thompson & Co.
- Our contact persons at various locations
- Our Credit Union Staff and last but not least
- You, our valued members for your support throughout the year.

Gilroy Graham

President

Grace Co-operative Credit Union Limited



REPORT OF THE TREASURER FOR YEAR ENDED 31ST DECEMBER 2011

Grace Co-op Credit Union received \$36.3 million in interest on loans, \$8.3M in investment income, and in \$1.7M non-interest income which represented fee income and commission. This total income of \$46.3M represents a decrease of \$4.7M or 10% below the previous year. The continued reduction in the interest rate from the League during the year was the major contributing factor. This is reflective of the general reduction in interest rates in the country.

The assets were \$458M at the year end 2011, up from \$396M in 2010. Loans grew from \$237M in 2010 to \$300M in 2011, an increase of \$63M or 26% over the previous year. Liquid assets decreased from \$125.4M to \$122M. The return on the investment portfolio of 5.2% was below that of the prior year of 6.5%.

STATEMENTS

The following is a summary of the detailed information contained in the audited financial statements. We, the members, altogether have:

	2011	2010
	\$	\$
a) Total Permanent Shares	2,070,000	2,028,000
We also own collectively as a society, the following:		
i) Statutory Reserves to provide stability to the Credit Union	46,954,648	46,853,752
ii) Education Fund	214,793	214,793
iii) Capital Revaluation Reserve	6,431,394	6,431,394
iv) Bad Debt Reserve	81,256	148,858
v) Special Reserve	785,736	785,736
vi) Donation Reserve		40,025
vii) Unclaimed Share Reserve	169,914	169,914
viii) Share Transfer Reserve	102,000	58,000
ix) We have previous earnings that have not been returned to us as dividends. This amount is:	407,397	1,316,244
x) This year our net earnings is	380,966	2,994,356
The total we own in reserves, provision and earnings is	57,598,104	61,041,072



Grace Co-operative Credit Union Limited

	2011	2010
	\$	\$
The grand total we have is	57,598,104	61,041,072
The money we have has been:		
a) Loaned to members	299,847,812	237,198,381
b) Used to purchase furniture and fixtures(net book value)	1,502,776	1,064,825
c) Invested in:-		
i) Shares in the Jamaica Cooperative Credit Union League	5,546,592	5,364,088
ii) Demand Deposit with Jamaica Cooperative Credit Union	82,576,069	97,530,156
iii) Mortgage Funds with Jamaica Cooperative Credit Union	14,039,870	13,280,651
iv) Jamaica Cooperative Credit Union - Cu Cash	13,374,791	22,363,036
d) Bank account, etc	25,886,116	5,479,194
e) But we owed Depositors and external creditor	(110,252,173)	(66,943,526)
f) Members' voluntary shares	(271,230,902)	(244,997,072)
g) Others (3,692,847)	(9,298,661)	
The grand total of the loans and investment we have made is	<u>57,598,104</u>	<u>61,041,072</u>
Our Income has been earned from:-		
a) Interest on loans to members	36,267,873	34,891,607
b) Interest on Investments	5,816,135	11,535,499
c) Interest on investment with J.C.C.U.L	2,512,811	3,468,990
d) Other sources	1,706,864	1,104,965
	<u>46,303,683</u>	<u>51,001,061</u>

Grace Co-operative Credit Union Limited



The expenses for the year were:-	2011	2010
	\$	\$
Salaries and related expenses	20,596,609	15,879,091
Insurance – Loan Protection and Life Saving (L.P&L.S)	1,718,130	1,607,949
Facilities Fee	3,542,628	3,373,932
Interest Expense	11,238,546	17,746,543
Stationery	483,968	491,098
Dues and fees to J.C.C.U.L	2,081,654	1,925,691
Advertising and promotion	137,108	290,812
AGM, Seminars and other meetings	1,806,296	1,840,000
Audit fees	445,000	420,000
Provision for bad debts	(67,603)	83,872
Impairment Loss	–	–
Provision for education and training	270,000	250,000
Depreciation and amortization	623,891	367,882
General expenses	2,961,974	2,981,246
TOTAL EXPENSES	45,838,201	47,258,116
This leaves us a surplus of:-	465,482	3,742,945
We are setting aside Statutory Reserves as required by the Act	<u>93,096</u>	<u>748,589</u>
	372,386	2,994,356
Together with the undistributed earnings from previous year	<u>407,396</u>	<u>1,316,244</u>
	<u>779,782</u>	<u>4,310,600</u>

CONCLUSION

The Credit Union continues to be member focused, providing members with a wide range of loan and saving options. This is reflected in the growth in loan to members and member savings during the year. We believe that the growth experienced in these fundamental areas will fuel growth in earnings in the future.

An interest payment at 3.4% totaling \$7.663 million will be paid to all eligible members on record as at December 31 2011.

I wish to extend thanks to the hard working management and staff of the Credit Union for their efforts and dedication during the year. I would also like to acknowledge the efforts and support of my colleagues on the Board.

Finally, thanks to each member of the credit union for making Grace Co-op, the credit union of their choice.

Respectively Submitted,

Eric Mardner

Treasurer

We are always here for you!

ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited



Respectfully Submitted,
Eric Mardner
Treasurer

ANNUAL GENERAL MEETING 2012

We are always here for you!

Grace Co-operative Credit Union Limited



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES (An Agency of the Ministry of Industry, Investment & Commerce)

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE PERMANENT SECRETARY AND THE FOLLOWING REFERENCE QUOTED:

2 MUSGRAVE AVENUE
KINGSTON 10

TEL: 927-4912/927-6572
or 978-1946
Fax: 927-5832

E-mail: dofs@cwj.com.jm

S1
R376/-56/04/12

April 4, 2012

The Secretary
Grace Co-operative Credit Union Limited
73 Harbour Street
KINGSTON

Dear Sir/Madam,

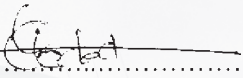
I forward herewith the Financial Statements of your Society for the year ended December 31, 2011.

You must now hold the Annual General Meeting convened under **Regulation 19** of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise me of the date of the Annual General Meeting, so that arrangements may be made for the Department to be represented.

Yours sincerely,


.....
Lavern Gibson-Eccleston (Mrs.)
FOR REGISTRAR OF CO-OPERATIVE SOCIETIES
AND FRIENDLY SOCIETIES

LE/kd

We are always here for you!

ANNUAL GENERAL MEETING 2012

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ADVICE

HIGH
YIELDS

SOLID
EARNINGS

PEACE
OF MIND



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Grace Co-operative Credit Union Limited



FINANCIAL STATEMENTS

as at December 31, 2011

We are always here for you!

ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited

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Statement of Cash Flows	30
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Appropriation of Surplus	53



GILBERT THOMPSON & CO.

Chartered Accountants

9 Sundown Crescent, Kingston 10
P.O. Box 538 Kingston 6, Jamaica W.I.
Tel: (876) 758-6760, 758-5910, Fax: (876) 758-3643
Email: gilberthompson@cwjamaica.com

STATEMENT I

REPORT OF THE AUDITORS **TO THE REGISTRAR OF THE CO-OPERATIVE SOCIETIES** **RE: GRACE CO-OPERATIVE CREDIT UNION LIMITED**

We have audited the accompanying Statement of Financial Position of Grace Co-operative Credit Union Limited at December 31, 2011 and the related Statement of Comprehensive Income, Cash Flows and changes to Shareholders' Equity for the year then ended and the summary of significant accounting principles and the explanatory notes set on statement VI – VI.21.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards and the requirements of the Co-operative Societies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An Audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

cont'd.statement I.1

Mortimer A. Thompson, F.C.A., Daphne L. Gilbert, M.Sc. C.A., Cyrene T. Gilbert, F.C.A.



Grace Co-operative Credit Union Limited

STATEMENT 1.1

Auditor's Report cont'd.

Opinion

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the financial position of the Credit Union at December 31, 2011 and of the results of operations, changes in equity and cash flows of the credit union for the year then ended, and have been prepared in accordance with International Financial Reporting Standards and comply with the Co-operative Societies Act.

Gilbert Thompson & Company

**GILBERT THOMPSON & COMPANY
CHARTERED ACCOUNTANTS**

March 21, 2012

Grace Co-operative Credit Union Limited



STATEMENT II

GRACE CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

ASSETS	<u>NOTES</u>	<u>2011</u> \$	<u>2010</u> \$
EARNING ASSETS			
LOANS TO MEMBERS	5	299,766,556	237,049,522
Loans		299,847,812	237,198,381
Allowance for loan losses	5	(81,256)	(148,859)
LIQUID ASSETS	10	121,836,976	125,372,386
Cash and cash equivalent		25,886,116	5,479,194
Liquid reserve (JCCUL)		95,950,860	119,893,192
FINANCIAL INVESTMENTS			
Securities and equivalent	11	32,573,464	30,815,638
NON EARNING ASSETS			
OTHER ASSETS	12	2,024,519	1,654,395
Receivables		542,805	482,955
Interest receivable		1,481,714	1,171,440
INTANGIBLE ASSET			
Software	8a	700,703	408,782
FIXED ASSETS		802,073	656,043
Furniture, fixtures and equipment	8	802,073	656,043
TOTAL ASSETS		<u>457,704,292</u>	<u>395,956,766</u>



Grace Co-operative Credit Union Limited

STATEMENT II.1

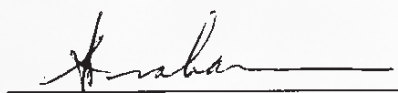
GRACE CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	<u>NOTES</u>	<u>2011</u>	<u>2010</u>
		<u>\$</u>	<u>\$</u>
LIABILITIES			
INTEREST BEARING LIABILITIES		381,483,074	311,940,598
Members savings deposits	13	110,252,173	66,943,526
Voluntary shares		271,230,902	244,997,072
NON-INTEREST BEARING LIABILITIES	14	18,704,369	23,123,954
Accruals		4,635,393	4,829,829
Payables		13,907,637	18,212,635
Others		161,340	81,490
TOTAL LIABILITIES		400,187,444	335,064,552
CAPITAL			
MEMBERS SHARE CAPITAL		2,070,000	2,028,000
Permanent Shares	17	2,070,000	2,028,000
NON-INSTITUTIONAL CAPITAL			
Retained earnings and reserves	15	1,272,443	1,268,468
Undistributed surplus		788,363	4,310,600
INSTITUTIONAL CAPITAL			
Statutory and legal reserves	16	46,954,648	46,853,752
Capital revaluation reserves		6,431,394	6,431,394
TOTAL CAPITAL		57,516,848	60,892,214
TOTAL LIABILITIES AND CAPITAL		457,704,292	395,956,766

For and on behalf of the Directors



DIRECTOR



DIRECTOR

The notes on statements VI form an integral part of the financial statements.

Grace Co-operative Credit Union Limited



STATEMENT III

GRACE CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDING 31 DECEMBER 2011

	<u>NOTES</u>	<u>2011</u> \$	<u>2010</u> \$
INTEREST INCOME		44,596,820	49,896,096
Loans and advances to members		36,267,873	34,891,607
Liquid assets		5,816,135	11,535,499
Investments		1,964,449	2,742,152
Interest JCCUL - CuCash		<u>548,362</u>	<u>726,838</u>
INTEREST EXPENSE		11,238,546	17,746,543
Savings deposit		10,776,929	16,999,153
Other financial cost		<u>461,617</u>	<u>747,390</u>
NET INTEREST INCOME		33,358,274	32,149,553
Recoverable/(Increase) of loan losses		67,603	(83,872)
NET INTEREST INCOME AFTER PROVISION		<u>33,425,876</u>	<u>32,065,681</u>
NON-INTEREST INCOME			
Miscellaneous income	6	1,706,864	1,104,965
NET INTEREST AND OTHER INCOME		35,132,741	33,170,646
OPERATING EXPENSES	24	<u>34,667,258</u>	<u>29,427,701</u>
SURPLUS FOR THE YEAR		465,482	3,742,945
HONORARIA	23	<u>55,000</u>	<u>55,000</u>
SURPLUS		<u><u>410,482</u></u>	<u><u>3,687,945</u></u>

The notes on statements VI form an integral part of the financial statements.



Grace Co-operative Credit Union Limited

STATEMENT IV

GRACE CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2011

	Members Permanent Share Capital	Institutional Capital	Non- Institutional Capital (Undistributed Net Surplus)	TOTAL
Balance at 1 January 2010	2,025,000	52,527,957	2,633,712	57,186,669
Net surplus		-	3,687,945	3,687,945
Unclaimed share reserve				
Transfer to statutory reserve		748,589	(748,589)	-
Appropriations -				
Transfer to retained earnings reserve				
Dividends		-		0
Honorarium		-		0
Entrance fee		8,600	-	8,600
		8,600	0	8,600
Share Transfer Account			6,000	6,000
Contributions	3,000	-		3,000
Withdrawals and transfers of shares		-	-	0
Balance at 31 December 2010	2,028,000	53,285,146	5,579,068	60,892,214
Net surplus		-	410,482	410,482
Transfer to statutory reserve		93,096	(93,096)	-
Appropriations -				
Dividend			(3,879,648)	
Honorarium	-	-		0
Entrance fee	-	7,800	-	7,800
	-	7,800	-	7,800
Share Transfer Account	-	-	44,000	44,000
Contributions	42,000	-	-	42,000
Balance at 31 December 2011	2,070,000	53,386,042	2,060,806	61,396,496



STATEMENT IV.1

GRACE CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2011

	<u>INSTITUTIONAL CAPITAL</u>		
	<u>Statutory Reserve</u>	<u>Capital Reserves</u>	<u>TOTAL</u>
Balance at 1 January 2010	46,096,563	6,431,394	52,527,957
20% statutory reserve	748,589	-	748,589
Entrance fees	8,600	-	8,600
Balance at 31 December 2010	46,853,752	6,431,394	53,285,146
20% statutory reserve	93,096	-	93,096
Entrance fees	7,800	-	7,800
Balance at 31 December 2011	46,954,648	6,431,394	53,386,042



Grace Co-operative Credit Union Limited

GRACE CO-OPERATIVE CREDIT UNION LIMITED
CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	410,482	3,687,945
Adjustment to reconcile surplus to Net cash provided by operating activities:		
Depreciation	325,857	251,088
Amortization	298,034	116,794
	<u>1,034,373</u>	<u>4,055,827</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Fixed assets	(1,061,842)	(1,221,174)
Investments	(1,757,826)	(2,248,035)
Loans to members - Net	(62,717,034)	(10,657,626)
Other receivables	(370,124)	5,801,510
	<u>(65,906,826)</u>	<u>(8,325,325)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Share capital - Voluntary	26,233,830	24,924,851
Share capital - Permanent	42,000	3,000
Entrance fees	7,800	8,600
Savings account (members)	43,308,647	8,157,630
External credit		(15,000,000)
Accruals	(94,436)	888,544
Payables	(4,419,585)	(6,609,225)
Other payables	79,850	2,250
Dividends	(3,879,648)	-
Reserve	9,046,829	(9,949,367)
	<u>70,325,287</u>	<u>2,426,283</u>
Net cash provided by financing activities		
Increase in liquid assets	5,452,834	(1,843,215)
Liquid asset at beginning of the year	103,009,350	104,852,565
Liquid asset at end of year	<u>108,462,184</u>	<u>103,009,350</u>

The notes on statements VI form an integral part of the financial statements.

Grace Co-operative Credit Union Limited



STATEMENT VI

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

1. IDENTIFICATION AND ACTIVITIES:

Grace Co-operative Credit Union Limited is a co-operative society registered under the Co-operative Societies Act and resident in Jamaica. Membership is limited to employees and their immediate family of GraceKennedy Limited, its subsidiaries, associates and managed companies, all ex-employees of the bond as stated who are in good standing with the Credit Union, all pensioners of the bond as stated and their immediate family.

The main activities of the society are:

- a) To promote thrift among its members by affording them an opportunity to accumulate their savings.
- b) To create for them a source of credit for provident or productive purposes at a reasonable rate of interest.

2. REGULATION:

The Co-operative Societies Act requires, amongst other provision, that at least 20% of the net profit of the credit union be transferred annually to a reserve fund. The Co-operative is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

The liability of individual members is limited by shares. Individual membership liability may not exceed 20% of total share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the provision of the Co-operative Societies Act and have been prepared under the historical cost convention.

b) Use of estimates -

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

c) Financial instruments -

Financial instruments carried on the balance sheet include loans, liquid assets, financial investments cash and bank balances, interest and other receivables, members' deposit and interest and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair value of the credit union's financial instruments are discussed in Note 18.



Grace Co-operative Credit Union Limited

STATEMENT VI.1

GRACE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD:

d) Foreign currencies -

Transactions during the year are converted at appropriate rate of exchange ruling at transaction dates. Assets and liabilities are translated at appropriate rate of exchange ruling at balance sheet date. Gains and losses arising from fluctuations in exchange are included in the statement of income and expenditure.

e) Revenue recognition -

Interest income earned from investments, interest expense and fee are recorded on the accrual basis. Income earned from loan is recognised in the statements of income and expenditure on an accrual basis.

f) Fixed assets and depreciation -

Fixed assets are depreciated on the straight line method at rates designed to write off their cost over their estimated useful lives. However, depreciation is prorated on a monthly basis during the year of purchase. Fixed assets are reviewed periodically for impairment. Where the carrying amount of an asset is greater than the estimated recoverable amount it is written down immediately to its recoverable amount.

The rates of depreciation are as follows:-

Furniture and Fixtures	10%
Automated Teller Machine	10%
Data Processing Equipment	33 1/3%

g) Loans -

Loans are stated net of any unearned income and of any allowance for delinquent loans. All loans are recognised when cash is advanced to members.

A loan is classified as delinquent when, in management's opinion, there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. If a payment on a loan is contractually sixty (60) days in arrears, the loan will be classified as delinquent, if not already classified as such.

h) Provision For loan losses -

The credit union maintains an allowance for loan losses, which in management's opinion, is adequate to absorb all credit related losses in its portfolio. The allowance consists of specific and general provisions for doubtful debts.

Specific provisions are established as a result of a review of the carrying value of loan in arrears and are derived based on the Jamaica Co-operative Credit Union League Limited provisioning policy of making a full provision for loans in arrears for over one (1) year. General provisions of 10% - 60% are established in respect of loans in arrears for two (2) to twelve (12) months.



GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D:

i) Investments -

Management determines the classification of investment at times of purchase into held to maturity and available for sale.

Loans and advances which are provided directly to borrowers are classified as originating debts. These are initially recorded at cost which is the cash given to originate the debt including any transaction cost and are subsequently measured at amortized cost. Investments purchased on the secondary market which are intended to be held for an indefinite period of time and may be sold in response to liquidity needs or changes in interest rate are classified as available for sale. These investments are initially recognized at cost but are subsequently re-measured at fair value. Unrealised gains and losses arising from changes in fair values of securities classified as available for sale are recognized in equity. When securities are disposed of or impaired, the related accumulated fair value adjustments are included in the statements of revenue and expenses as gains and losses from investment securities.

A financial asset is considered impaired if its carrying amount exceeds its recoverable amount. The amount of the impairment loss of assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective rate. The recoverable amount of a financial asset is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales on investment securities are recognized at settlement date.

j) Institutional capital -

Institutional capital includes the statutory reserves fund as well as various other reserves established from time to time which, in the opinion of the Directors, are necessary to support the operations of the credit union and, thereby, protect the interest of the members. These reserves are not available for distribution.

k) Pension plan costs -

The credit union participates in a defined benefit scheme operated by Gracekennedy Limited. The pension scheme is generally funded by payments from employees of 5% or 10% and by Gracekennedy Limited of 0.5% of employee's taxable remuneration, taking into account the recommendations of independent qualified actuaries.



Grace Co-operative Credit Union Limited

STATEMENT VI.3

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT:-

(a) Introduction and overview

The Society has exposure to the following risks from its use of financial instruments

- (i) Credit risks
- (ii) Liquidity risks
- (iii) Market risks

The Board of Directors has overall responsibility for the establishment and oversight of the Society's risk management framework. The Society's risk management policies are established to identify and analyze the risks faced by the Society, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board through its various committees is responsible for monitoring compliance with the Society's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Society. All committees report regularly to the Board on their activities.

The Supervisory Committee is responsible for monitoring compliance with the Society's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Society.

(b) Credit Risk :-

Credit risk is the risk of financial loss to the Society if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Society's loans to members, deposits with other institutions and investment securities.

(i) Loans to members and guarantees:-

The management of credit risk in respect of loans to members and secured guarantees is delegated to the Credit Committee. The Committee is responsible for oversight of the society's credit risk, including formulating credit policies establishing the authorization structure for the approval of credit facilities, reviewing and assessing credit risk, limiting concentration of exposure to counterparties and developing and maintaining the society's risk grading. There is a documented credit policy in place, which guides the Society credit review process.

Collateral:-

The Society holds collateral against loans to members in the form of mortgage interest over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Society and guarantees. Estimates of fair value are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.



GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

(i) Loans to members and guarantees (cont'd)

Impaired loans:-

Impaired loans are loans for which the Society determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans:-

These are loans where contractual interest or principal payments are past due but the Society believes the impairment is not appropriate on the basis of the level of security available or the stage of collections of amounts owed to the Society.

Loans with renegotiated terms:-

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Society has made concession that it would not otherwise consider. Once the loan is restructured, it remains in this category, for the remaining life of the loan, independent of satisfactory performance after restructuring.

Allowances for impairment:-

The Society established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss allowance component that relates to individual significant exposures, and a collective loan loss allowance established on a group basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy:-

The Society writes off a loan (and any related allowances for impairment losses) when the Society determines that the loans are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.



Grace Co-operative Credit Union Limited

STATEMENT VI.5

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

(b) Credit risk (cont'd)

(ii) Deposits and investments securities

The Society limits its exposure to credit risks by investing only in liquid assets and only with counterparties that have a high credit quality, Therefore, management does not expect counterparty to fail to meet its obligations.

The Credit Union has documented investment and deposit policies in place, which guide it in managing its deposit and investment risks.

(iii) Exposure to credit risk:-

The carrying amount of financial assets represents the maximum exposure to credit exposure (before collateral held) which at the balance sheet date was:

	<u>2011</u>	<u>2010</u>
	\$	\$
Loans to members, net	299,766,556	237,049,522
Liquid assets - earning	121,836,376	125,372,386
Financial investments	32,573,464	30,815,638
Non-earning assets - other	2,024,519	1,654,395
	<u>456,200,915</u>	<u>394,891,941</u>

There has been no change to the Society's exposure to credit risk or the the manner in which it manages and measures the risk.

(c) Liquidity risk:-

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations from its financial liabilities. The Society's approach to managing liquidity is to ensure, as far as possible that I will always have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management which the Society uses includes maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis and maintaining an adequate amount of committed facilities.

Grace Co-operative Credit Union Limited



STATEMENT VI.6

GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

(c) Liquidity risk (cont'd)

The Society manages this risk by keeping a substantial portion of its financial assets in liquid form in accordance with regulatory guidelines.

The Society is subject to a liquidity limit imposed by the League and compliance is regularly monitored. The key measure used by the Society for managing liquidity risk is the ratio of liquid assets minus short-term payables to total savings. For this purpose, liquid assets include cash bank balances and all liquid investments with maturity date of twelve months or less. The liquid asset ratio at the end of the year was 1:1.0 (2010 1:3.0).

The Credit Union is also required to hold a liquidity reserve requirement of 10% of specified liabilities. A minimum of 8% is to be held with the League while a maximum of 2% can be held with approved financial institutions. The Credit Union was in compliance with the liquidity reserve requirement of 30.0% at the end of the year 2011, (2010 : 30.0%)

There has been no change to the Society's exposure to liquidity risk or the manner in which it manages and measures the risk.

The following table represents the undiscounted contractual maturities of financial liabilities, including interest payments on the basis of their earliest possible contractual maturity.

	<u>Within 1</u> <u>Month</u> \$	<u>1 to 3</u> <u>Months</u> \$	<u>2011</u> <u>3 to 12</u> <u>Months</u> \$	<u>1 - 5</u> <u>Years</u> \$	<u>Over 5</u> <u>Years</u> \$	<u>Carrying</u> <u>Amount</u> \$
Savings deposit	8,268,913	58,433,652	25,358,000	18,191,609		110,252,173
Voluntary shares	-	-	-	-	271,230,902	271,230,902
Accounts payables	3,284,487	2,831,841	6,593,290	5,994,750	-	18,704,369
	11,553,400	61,265,493	31,951,290	24,186,359	271,230,902	400,187,444

	<u>Within 1</u> <u>Month</u> \$	<u>1 to 3</u> <u>Months</u> \$	<u>2010</u> <u>3 to 12</u> <u>Months</u> \$	<u>1 - 5</u> <u>Years</u> \$	<u>Over 5</u> <u>Years</u> \$	<u>Carrying</u> <u>Amount</u> \$
Savings deposit	5,020,764	35,480,069	15,397,011	11,045,682		66,943,526
Voluntary shares	-	-	-	-	244,997,072	244,997,072
Accounts payables	4,060,566	3,500,967	8,151,194	7,411,227	-	23,123,954
	9,081,330	38,981,036	23,548,205	18,456,909	244,997,072	335,064,552

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Grace Co-operative Credit Union Limited

STATEMENT VI.7

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

(c) Liquidity risk (cont'd)

Members share capital are divided into permanent and voluntary. Voluntary shares maybe withdrawn at anytime and this is classified in the account as a liability. Permane shares however cannot be withdrawn.

Voluntary shares have no contractual maturity. The amounts included in the analysis are base management's estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows, which are generally expected to maintain a stable or increasing balance.

The Credit Union is in the process of documenting the assets and liabilities policy that guides the management of its liquidity risks.

(d) Market risk:-

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates. Foreign currency rates and equity prices and will affect the Society's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Society's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk:-

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Society is not exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar.

Grace Co-operative Credit Union Limited



STATEMENT VI.8

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

(ii) Interest rate risk:-

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments.

A summary of the Society's interest rate gap position is as follows:

	2011			Carrying amount \$' 000
	Within 3 months \$' 000	3 to 12 months \$' 000	Over 12 months \$' 000	
	ASSETS			
Loans	25,480,157	41,967,318	232,319,081	299,766,556
Liquid assets	73,101,826	18,275,456	30,459,094	121,836,376
Financial investments	-	9,772,039	22,801,425	32,573,464
	98,581,983	70,014,813	285,579,600	454,176,396
LIABILITIES				
Savings deposits	66,151,304	25,358,000	18,742,869	110,252,173
	66,151,304	25,358,000	18,742,869	110,252,173
Total interest rate gap	32,430,679	44,656,814	266,836,730	343,924,223
Cumulative gap	32,430,679	77,087,493	343,924,223	-

A summary of the Society's interest rate gap position is as follows:

	2010			Carrying amount \$' 000
	Within 3 months \$' 000	3 to 12 months \$' 000	Over 12 months \$' 000	
	ASSETS			
Loans	20,149,209	33,186,933	183,713,380	237,049,522
Liquid assets	75,223,432	18,805,858	31,343,097	125,372,386
Financial investments	-	9,244,691	21,570,947	30,815,638
	95,372,641	61,237,482	236,627,423	393,237,546
LIABILITIES				
Savings deposits	40,166,116	15,397,011	11,380,399	66,943,526
	40,166,116	15,397,011	11,380,399	66,943,526
Total interest rate gap	55,206,525	45,840,471	225,247,023	326,294,020
Cumulative gap	55,206,525	101,046,997	326,294,020	-

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Grace Co-operative Credit Union Limited

STATEMENT VI.9

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

Sensitivity analysis:-

The following table indicates the sensitivity to a reasonable change of basis 100 points in interest rate with all other variables held constant, on the society's profit and loss and equity.

The Society's interest rate risk arises from financial investment, deposits with the League and borrowings/external credit. The sensitivity of the profit or loss is the effect of the assumed charges in interest rates on net income based on variable rate financial assets and variable rate external credit.

		<u>Effect on Surplus</u>	<u>Effect on Equity</u>
December 31, 2011	100	149,883	0
	-100	(149,883)	0
		<u>0</u>	<u>0</u>
December 31, 2010	100	154,078	0
	-100	(154,078)	0
		<u>0</u>	<u>0</u>

(e) Capital management:-

The Society's objectives when managing capital are to safeguard the society's ability to continue as a going concern, so that it can continue to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. The society defines its capital base as its members share capital, institutional capital, and eligible reserves. Its dividend payout is made taking into account the maintenance of an adequate capital base.

The Society is required by the League to maintain its institutional capital at a minimum of 8% its total assets. At the balance sheet date, this ratio was 11.7%, (2010 13.5%) which is in compliance with the requirements.

There were no changes in the society's approach to capital management during the year

The Credit Union is in the process of documenting the capital management policy that guides the management of the capital requirements.

Grace Co-operative Credit Union Limited



STATEMENT VI.10

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

5. LOANS TO MEMBERS:-

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance at start of year	237,049,523	226,391,896
Loans granted	258,750,953	206,942,554
Less repayments	(206,334,356)	(213,542,451)
Less allowances for loan loss	(81,256)	(83,872)
	<u>289,384,864</u>	<u>219,708,127</u>
Staff and related parties	10,381,692	17,341,396
	<u>299,766,556</u>	<u>237,049,523</u>

The maximum exposure to credit risk for loans to members at balance sheet date by type of customers was:

	<u>2011</u>	<u>2010</u>
	\$	\$
Purpose:		
Personal	137,634,352	109,346,071
Motor vehicles	70,445,141	55,571,525
Residential	50,960,315	39,467,494
Debt refinancing	35,971,987	28,440,894
Business	599,533	397,819
Construction and real estate	4,155,229	3,825,719
	<u>299,766,556</u>	<u>237,049,522</u>

The credit quality of loans is summarized as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Neither past due nor impaired	298,783,247	236,198,256
Past due but not impaired	-	-
2 to 3 months	1,026,384	710,429
3 to 6 months	38,181	228,756
6 to 12 months	-	-
Over 12 months	-	60,941
Individually impaired	-	-
Collectively impaired	-	-
Less provision for loan losses.	(81,256)	(148,859)
	<u>299,766,556</u>	<u>237,049,523</u>



Grace Co-operative Credit Union Limited

STATEMENT VI.11

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

5. LOANS TO MEMBERS CONTD:-

Delinquent loans:

The following is a summary of delinquent loans at December 31, 2011

<u>Period overdue</u>	<u>Numbers in arrears</u>	<u>Loans in arrears</u>	<u>Rate (%)</u>	<u>Loan loss provision required</u>
1 to 2 months	3	1,026,384	0	0
2 to 3 months	1	695,017	10	69,502
3 to 6 months	1	39,181	30	11,754
6 to 12 months	0	0	0	0
Over 12 months	0	0	0	0
	<u>5</u>	<u>1,760,582</u>		<u>81,256</u>

The fair value of collateral held as security against individual loans are \$1,973,617 (2010 \$4,179,206)
There were no renegotiated loans for the years 2011 and 2010.

Allowances for loan losses

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Balance brought forward	148,858	64,986
Loans written - off	-	-
Increase(Decrease) in provision for current year		83,872
Recovery of bad debt	67,602	
Balance brought forward	<u>81,256</u>	<u>148,858</u>

Provision made in accordance with JCCUL provisioning requirements is as follows:

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Specific provision	81,256	148,858
General provision	-	-
	<u>81,256</u>	<u>148,858</u>



STATEMENT VI.12

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

6. NON-INTEREST INCOME:

	<u>2011</u>	<u>2010</u>
	\$	\$
Commission	613,704	567,495
Miscellaneous	1,093,120	537,470
	<u>1,706,824</u>	<u>1,104,965</u>

7. NET SURPLUS:

	<u>2011</u>	<u>2010</u>
	\$	\$
Net surplus is shown after charging:-		
Auditors' remuneration	445,000	420,000
Depreciation (note 8)	623,891	367,882
Repairs and maintenance	11,312	114,482
Staff costs (note 9)	<u>20,596,609</u>	<u>15,879,091</u>



Grace Co-operative Credit Union Limited

STATEMENT VI.13

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

8. FIXED ASSETS:

	Equipment	Computer	Total
	\$	\$	\$
At Cost -			
At 1 January 2011	168,722	2,280,891	2,449,613
Addition	0	471,887	471,887
At 31 December 2011	168,722	2,752,778	2,921,500
Depreciation -			
At January 2011	57,470	1,736,100	1,793,570
Charge for the year	11,609	314,248	325,857
At 31 December 2011	69,079	2,050,348	2,119,427
Net Book Value -			
At 31 December 2011	99,643	702,430	802,073
At 31 December 2010	111,252	544,791	656,043

8a. INTANGIBLE ASSET:

	Software	Total
	\$	\$
At Cost -		
At 1 January 2011	1,514,342	1,514,342
Addition	589,955	589,955
At 31 December 2011	2,104,297	2,104,297
Amortisation -		
At January 2011	1,105,560	1,105,560
Charge for the year	298,034	298,034
At 31 December 2011	1,403,594	1,403,594
Net Book Value -		
At 31 December 2011	700,703	700,703
At 31 December 2010	408,782	408,782



STATEMENT VI.14

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

9. STAFF COSTS:

	<u>2011</u>	<u>2010</u>
	\$	\$
Salaries , wages and statutory contributions	15,490,053	12,615,057
Other staff costs	<u>5,106,556</u>	<u>3,264,034</u>
	<u>20,596,609</u>	<u>15,879,091</u>
 The average number of persons employed during the year.	 6	 6

10. LIQUID ASSETS:

	<u>2011</u>	<u>2010</u>
	\$	\$
Jamaica Co-operative Credit Union League Limited		
Fixed deposits	82,576,069	97,530,156
CuCash	13,374,791	22,363,036
Cash at bank and in hand	<u>25,886,116</u>	<u>5,479,194</u>
	<u>121,836,976</u>	<u>125,372,386</u>



Grace Co-operative Credit Union Limited

STATEMENT VI.15

GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

11. FINANCIAL INVESTMENTS:

	1 to 5 Years	Over 5 Years	Carrying Value	Carrying Value
			<u>2011</u>	<u>2010</u>
	\$	\$	\$	\$
JCCUL -				
CuPremium	12,012,093	-	12,012,093	11,225,657
CUETS settlement fund	-	704,586	704,586	674,919
JCCUL shares	4,546,592	1,000,000	5,546,592	5,364,088
Mortgage funds	14,039,870	-	14,039,870	13,280,651
Qnet		270,323	270,323	270,323
	30,598,555	1,974,909	32,573,464	30,815,638

Weighted average effective interest rates are:

Jamaica Co-operative Credit Union League Limited	5.4%	6.5%
--	------	------

The rules of the Jamaica Co-operative Credit Union League Limited (the league) stipulate that the credit union must invest in various investment instruments of the League as follows:-

- (i) Ordinary shares - A minimum of 10,000 shares of a par value of \$1.00 should be held. The equivalent of amounts held in the statutory reserve must either be used to purchase league share or placed in league term deposits (Stated below).
- (ii) Term deposit - This account should include 1% line of credit monthly repayment, the required 20% statutory reserve and 25% of the members deposit balances.
- (iii) Mortgage fund - 5% of the net increase in the members' share accounts should be deposited there each month. This has been discontinued due to decision of the credit union league.

Grace Co-operative Credit Union Limited



STATEMENT VI.16

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

12. ACCOUNTS RECEIVABLE:

	<u>2011</u>	<u>2010</u>
	\$	\$
Prepayment	353,898	299,748
Interest receivable - league	161,905	201,678
Interest receivable - members	1,319,809	969,762
Withholding Tax	188,907	183,207
	<u>2,024,519</u>	<u>1,654,395</u>

13. MEMBERS' SAVINGS DEPOSITS:

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance at beginning of year	66,943,526	58,785,896
Add: Deposits and transfers	<u>67,178,893</u>	<u>20,137,342</u>
	134,122,419	78,923,238
Less: Withdrawals and transfers	<u>23,870,246</u>	<u>11,979,712</u>
Balance at end of year	<u>110,252,173</u>	<u>66,943,526</u>



Grace Co-operative Credit Union Limited

STATEMENT VI.17

GRACE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

14. ACCOUNTS PAYABLE:

	<u>2011</u>	<u>2010</u>
	\$	\$
Accruals	4,635,393	4,829,829
Payables	7,805,060	12,128,466
Unclaimed shares and dividends	1,083,584	1,000,115
Company guarantee	3,937,997	3,937,997
Beneficiaries of deceased members	35,667	35,667
Standing order	1,045,328	1,110,390
Other	161,340	81,490
	<u>18,704,369</u>	<u>23,123,954</u>

15. NON - INSTITUTIONAL CAPITAL:

	<u>2011</u>	<u>2010</u>
	\$	\$
Special reserve	785,736	785,736
Education reserve	214,793	214,793
Donation reserve	0	40,025
Share transfer account	102,000	58,000
Unclaimed share reserve	169,914	169,914
	<u>1,272,443</u>	<u>1,268,468</u>

16. INSTITUTIONAL CAPITAL:

	<u>2011</u>	<u>2010</u>
	\$	\$
Statutory and legal reserves	<u>46,954,648</u>	<u>46,853,752</u>
Capital revaluation reserves	<u>6,431,394</u>	<u>6,431,394</u>

Under the Co-operative Societies Act at least 20% of net surplus must be transferred to a statutory reserve. Members entrance fees are also credited to the statutory reserve.



STATEMENT VI.18

GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

17. SHARE CAPITAL:

Shares in the cooperative entitle each member to one vote in the conduct of the affairs of the co-operative at general meetings. Shares are classified into permanent and voluntary shares .

Voluntary shares may be transferred to another member or anyone eligible for membership with the consent of the Board of Directors. Voluntary shares may be withdrawn in whole or in part by a member, however, the Board of Directors reserves the right at any time to require a member to give notice not exceeding six months, provided that no member may withdraw any shareholdings below the amount of his liability to the co-operative without the approval of the Board of Directors.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value amounts represents estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Many of the credit union's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments. In addition, the calculation of estimated fair value is based on market conditions at a special point in time and may not be reflective of future fair values.

The following tables set out the fair values of financial instruments of the credit union using the valuation methods and assumptions described below. The fair value disclosed do not reflect the value of assets and liabilities that are not considered financial instruments, such as Equipment and Furniture and Fixtures.

Fair values were estimated as follows:

The fair values of liquid assets, cash and bank balances, interest and other receivables and interest and other payables are assumed to approximate their carrying values, due to their short-term nature.

Their fair value of investments is assumed to be equal to the estimated market value of investments provided in the following tables. These values are based on quoted market prices, when available; when not available other valuation techniques are used.

Loans are carried at amortised cost, which is deemed to approximate the fair value.

The fair values of deposits which are payable on demand or notice are assumed to be equal to their carrying values due to their short term nature.



Grace Co-operative Credit Union Limited

STATEMENT VI.19

GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

18. FAIR VALUES OF FINANCIAL INSTRUMENTS CONT'D:

	<u>2011</u>		<u>2010</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
	\$	\$	\$	\$
ASSETS				
Earning assets				
Loans	299,766,556	299,766,556	237,049,522	237,049,522
Liquid assets	121,836,376	121,836,376	125,372,386	125,372,386
Financial investments	32,573,464	32,573,464	30,815,638	30,815,638
Non-earning assets				
Other assets	2,024,519	2,024,519	1,654,395	1,654,395
Liabilities				
Interest bearing liabilities				
Members savings' deposits	110,252,173	110,252,173	66,943,526	66,943,526
Voluntary Shares	271,230,902	271,230,902	244,997,072	244,997,072
Non-interest bearing liabilities				
Accounts payable	18,704,369	18,704,369	23,123,954	23,123,954

Grace Co-operative Credit Union Limited



STATEMENT VI.20

GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

19. RELATED PARTY TRANSACTIONS AND BALANCES:

At December 2010, nine (9) members of the credit union Board of Directors and ten (10) Committee Members and Connected Parties had shares and savings of \$10,642,222 (2010 \$11,416,906) and loans excluding interest totalling \$26,294,450 (2010 \$16,401,888)

Loans excluding interest due from members of staff totalled \$4,294,075.00 (2010 \$939,508). During the year no Director or Committee Members received any loan which necessitated waiver of the loan policy. At December 2011, all loans owing by Directors, Committee Members and Staff were being repaid in accordance with their loan agreement.

Directors are appointed on a voluntary basis and are not remunerated.

20. COMPARISON OF LEDGER BALANCES:

	VOLUNTARY SHARES	PERMANENT SHARES	DEPOSITS	LOANS
	\$	\$	\$	\$
Balance as per general ledger	271,230,902	2,070,000	110,252,173	299,766,556
Balance as per members' ledger	271,230,902	2,070,000	110,252,173	299,766,556
Difference	0		0	0

21. LIFE SAVINGS AND LOAN PROTECTION INSURANCE:

During the year, the credit union had life savings and loan protection with Cuna Mutual Insurance Company Limited. The total premium for the year was \$983,166 (2010 - \$976,432).

22. BONDING INSURANCE:

Bonding insurance was in force for the year under review.

23. TRANSFERS AND APPROPRIATION:

	2011	2010
	\$	\$
Less: Statutory appropriation	(93,096)	(748,589)
Dividends on shares and deposits	(3,879,648)	-
	(3,972,744)	(748,589)

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Grace Co-operative Credit Union Limited

STATEMENT VI.21

GRACE CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

24. OPERATING EXPENSES:

	<u>2011</u>	<u>2010</u>
	\$	\$
PERSONNEL EXPENSES	20,596,609	15,879,091
Employee salaries and statutory contribution	15,490,053	12,615,057
Employee costs	4,445,576	3,143,934
Education and training	657,384	117,800
Staff travel and related expenses	3,596	2,300
ADMINISTRATIVE EXPENSES	9,350,700	9,223,629
Facilities fee	3,542,628	3,373,932
Depreciation and amortization	623,891	367,882
Audit and accounting	445,000	420,000
Repairs and maintenance (office)	11,312	114,482
Telecommunications	17,299	41,254
Printing, Stationery and supplies	483,968	491,098
Insurance premiums	1,718,130	1,607,949
Professional and consulting fees	190,000	383,600
Other administrative expenses	389,597	788,099
Unrecoverable gct	1,928,875	1,635,333
MARKETING & PROMOTION	407,108	540,812
Publicity and Promotion	137,108	290,812
Education grant	270,000	250,000
REPRESENTATION & AFFILIATION	4,312,841	3,784,169
League and other dues (JCCUL)	2,081,654	1,925,691
Seminars and meetings	259,465	243,000
Annual general meetings	1,546,831	1,597,000
Miscellaneous	424,891	18,478
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	34,667,258	29,427,701
	<hr/>	<hr/>

Grace Co-operative Credit Union Limited



APPROPRIATION OF SURPLUS 2010

Recommendation

	2010	
	\$	\$
Surplus December 31, 2010		3,742,945
Less: Statutory Reserve 20% of Surplus		<u>748,589</u>
		2,994,356
Add: Accrued Interest on Voluntary Shares		12,008,831
Add: Undistributed Surplus 1st January 2010		<u>1,316,244</u>
Available for Distribution		16,319,431
Interest on Voluntary Shares @ 8 %	15,857,035	
Honoraria	<u>55,000</u>	15,912,035
Undistributed Surplus Carried Forward		<u>407,396</u>

APPROPRIATION OF SURPLUS 2011

Recommendation

	2011	
	\$	\$
Surplus December 31		465,482
Less: Statutory Reserve 20% of Surplus		<u>93,096</u>
		372,386
Add: Undistributed Surplus 1st January 2011		<u>407,396</u>
Available for Distribution		779,782
Dividend on Permanent Shares @ 15%	310,500	
Honoraria		
Undistributed Surplus Carried Forward		469,282

FIXING OF MAXIMUM LIABILITY

BE IT RESOLVED THAT Article XVI Rule 72 be amended to read:

The Board of Directors may incur a liability in Voluntary Shares, deposits and/or loans from any source on such terms of payment and/or security as they think fit; provided that the total liability shall not exceed a ratio of twelve (12) times the Credit Union's Capital and provided that the members in the Annual General Meeting by resolution have fixed the maximum liability that the Board of Directors may incur.

For and on behalf of the Board of Directors:

Eric Mardner
Treasurer

GRACE FOOD PROCESSORS

(a Division of GK Foods and Services Limited)



Home of EXCELLENT QUALITY PRODUCTS

Another **GraceKennedy** Factory

Grace Co-operative Credit Union Limited



PROPOSED RESOLUTIONS 2012

1. **WHEREAS** Article IX Rule 42 reads
CREDIT COMMITTEE
42. i) The Credit Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than three (3) members, all of whom shall be members of the Credit Union. Each member shall hold office until his successor is elected, unless he demits office earlier or has been expelled, and shall be eligible for re-election.
- ii) Election to the Committee shall be held in such a manner that the terms of office of not more than a bare majority of the members shall expire at the same Annual General Meeting.
- iii) Subject to the provisions of Rule 42(i), at the first Annual General Meeting a bare majority of the members constituting the Committee shall be elected for a term of two (2) years, and the others for a term of one (1) year. Whenever the number of members of the Committee is increased, one-half of such additional members shall be elected for two (2) years and one-half for one (1) year. Thereafter, the term of office for the Committee Members shall be for two (2) years.

BE IT RESOLVED that Article X Rule 42 be amended to read:

- i) The Credit Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than five (5) and no more than nine (9) members, for a term of two (2) years, provided that the number of members comprising the Committee shall at all times be an uneven number all of whom shall be fit and proper members of the Credit Union.
- ii) Whenever the number of members increases, one half of such additional members shall be elected for two (2) years and one-half for one (1) year.
- iii) Thereafter the term of office for members shall be two years. Each member shall hold office until his successor is elected, and shall be eligible for re-election. Notwithstanding this however, no member of the Credit Committee shall be allowed to serve more than five (5) consecutive terms. Such member will however be re-eligible to serve once he/she sits out for a period between the Annual General Meetings or one (1) year whichever is earlier without serving on any electable Committee.

MOVED BY : _____

SECONDED BY : _____

DATE : _____



Grace Co-operative Credit Union Limited

2. **WHEREAS** Article X Rule 50 reads:
SUPERVISORY COMMITTEE

50. i) The Supervisory Committee shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee, or Loan Officer or employee and all of whom shall be members of the Credit Union.
- ii) Members of the Committee shall be elected for one year only at each Annual General Meeting. They shall hold office until their successors are elected unless they demit office earlier or have been expelled and shall be eligible for re-election.

BE IT RESOLVED that Article X Rule 50 be amended to read:

50. i) The Supervisory Committee shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee, or Loan Officer or employee and all of whom shall be members of the Credit Union.
- ii) Members of the Committee provided that they are fit and proper shall be elected for one year only at each Annual General Meeting. They shall hold office until their successors are elected unless they demit office earlier or have been expelled and shall be eligible for re-election. Notwithstanding this however, no member of the Supervisory Committee shall be allowed to serve more than five (5) consecutive terms. Such member will however be re-eligible to serve once he/she sits out for a period between the Annual General Meetings or one (1) year, whichever is earlier without serving on any electable Committee.

MOVED BY : _____

SECONDED BY : _____

DATE : _____

Grace Co-operative Credit Union Limited



3. **WHEREAS** Article V11 Rule 34 (l) reads:-

The Board of Directors shall have the general direction and control of the affairs of the Credit Union and more particularly, shall act for the Credit Union and be responsible to it for the performance of the following duties:-

- (l) To supervise the collection of loans from members and authorize the charge-off of uncollectable loans, subject to the Law and Regulations.

WHEREAS the society has to wait for one year before delinquent loans can be written off the books with the approval of the annual General meeting

WHEREAS the society aims to improve the effectiveness and efficiency within its operations

BE IT RESOLVED that Article V11 Rule 34 (l) be amended to read:-

The Board of Directors shall have the general direction and control of the affairs of the Credit Union and more particularly, shall act for the Credit Union and be responsible to it for the performance of the following duties:-

- (l) To supervise the collection of loans from members and having received a request for write-off for approval ,after all reasonable efforts to recover have been exhausted , shall give authority to the General Manager or the person performing this function, to cause the write-off of bad debts on the books of the Society that
 - a) have been outstanding for 360 days and over ,
 - b) notwithstanding that such loans, in any given year, should not exceed 1% of the loan portfolio of the Society as at the start of that year ,
 - c) these debts to be transferred to a subsidiary ledger for active recovery follow-up and
 - d) that a listing of these loans, detailing the members' names and the amounts written off ,be disclosed at the following Annual General Meeting.

Rationale

In 2010 an amount of \$5,808.00 was approved for write-off by the Board of Directors. The League's Internal Auditor subsequently advised that, according to the Co-operative Societies Regulations, this could only be done with the approval of the Annual General Meeting. This write-off will now have to be taken to our upcoming AGM for ratification.

To prevent any recurrence and to ensure a more efficient internal process, the above resolution is being proposed for presentation at AGM 2012. This is against the backdrop of a low delinquency rate and tight follow –up on past due loans. It is also to be noted that the incidences of write-offs are rare.

MOVED BY : _____

SECONDED BY : _____

DATE : _____



Grace Co-operative Credit Union Limited

4. **WHEREAS** Article II Rule 6(b) states:

6. An applicant shall not be registered as a member until:-
 - b) His application for membership shall have been approved by the affirmative vote of a majority of the members of a duly appointed and authorized Executive Committee present at the Meeting at which the application is acted upon; and

BE IT RESOLVED that Article 11 Rule 6(b) be amended to read:

"His application for membership has been approved by the manager or any other delegated officer appointed by the Board of Directors. All applications for membership must be ratified by the Board of Directors within 30 days of submission by the applicant."

Rationale

A recent audit revealed an anomaly between the rules of the credit union and the practice regarding registering persons for membership. The rules require that such applications be signed by the board of Directors before the member can be entered on the system, whereas the practice has been to register the individual on the system and then submit the application to the Board for approval. This was done to stream line the process for greater efficiency as the board meets once per month which would delay an eligible employee from accessing the services offered by the credit union. The processing of any funds received from such a prospective member would also be delayed. This will allow the efficient processing of applications for membership while maintaining effective control by the Board of Directors.

MOVED BY : _____

SECONDED BY : _____

DATE : _____

Grace Co-operative Credit Union Limited



Nesta Jackson
Loan Officer

Shaana Isaacs
Accounting Officer

Felleshia Francis
Accounting Clerk

Saneth Morgan
Senior Loan Officer

Hope Mowatt
General Manager

Camille Gadogan
Loan Officer

Roneiph Lawrence
Accounting Clerk

STAFF

We are always here for you!

ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited

REPORT OF THE RECRUITMENT & EDUCATION/MARKETING COMMITTEE FOR YEAR ENDED 31ST DECEMBER 2011

The Annual Education Grant offered by the Credit Union to children of its members was again well subscribed this year and also very competitive. The awards were based on the academic standards achieved, level of extracurricular activity and conduct. The credit Union made available \$270,000.00 to assist parents and students with school fees, books and uniforms.

The grants are available for students who are

- *Entering high school for the first time after having sat the GSAT examinations*
- *In high school and would be sitting the CSEC or GCE exams in the following year*
- *Entering a tertiary institution for the first time*

Of the 28 applications received we were able to award 15 students at an Award Ceremony held on Thursday September 22, 2011.

The awardees were:

AWARDEES

(GSAT)

Geovani Johnson

Gabrielle Clarke

Ashley Keating

Rebecca Mahfood

Ashley McPherson

Amanda Thomas

Jordan-Alexander Dawkins

Jaliel Hew

(SECONDARY)

Candice Turner

Danique Hayden

PARENT

Doreen Barnes

Maxine Clarke

Troy-Marie McDonald

Caroline Mahfood

Christine McPherson

Christine Thomas

Suzette Dawkins

Diana Smith

Eurica Bartley

Jennifer Williams

COMPANY

Carib Star Shipping

Grace Kennedy Remittance

Grace Kennedy Remittance

GK Foundation

Allied Insurance

GK Foods Central

First Global Bank

Grace Foods and Services

JLIC

Auditor General's Dept

Grace Co-operative Credit Union Limited



Dana Cooper

Kimberley Hinds

(TERTIARY)

Raque' Salmon

Leithon English

Heather Reece

Sharon Cooper

Fay Hinds

Ronald Salmon

Jacqueline Henry

Andrea Reece

First Global Bank

Harbour Cold Stores

KCT Services Ltd

Hi-Lo Supermarket

JLIC

In a stirring address to the awardees, the President of the Credit Union, Gilroy Graham congratulated all and charged them to continue giving their best efforts in the quest of excellence. He reminded them to be mindful of the support they have received from parents, guardians and teachers and the need to show appreciation.

He encouraged all "Remember always that life is a journey so you must continue to strive for excellence in all areas. As Greg Hickman said "Paint a masterpiece daily, always autograph your work with excellence.

You did not reach where you are on your own. There was always someone by your side, ready to assist. Return that favour by giving back to those less fortunate. The spirit of volunteerism is a noble one that involves giving of one's self and resources for a greater good. Luke 6:38 says, "Give and it will be given to you".

He further charged them to seek various avenues at school, home or community to volunteer their time and skills to enable others to succeed as well. This spirit of volunteerism can only augur well for the individual and the country at large.

The vote of thanks was moved by Dana Cooper of Wolmers High School for Girls. The evening ended with the parents and students being encouraged to get to know and support each other going forward.

The Committee comprised:

Lurline Cummings – Member

Hope Mowatt – General Manager

Beverley Wright – Chairperson, Supervisory Committee

We extend thanks to the Board of Directors and other volunteers for their continued guidance and support

Hope Mowatt (Miss)

Chairperson



We are always here for you!

ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited

REPORT OF THE CREDIT COMMITTEE FOR YEAR ENDED 31ST DECEMBER 2011



Loan Disbursement

- ⦿ During the year under review, a total of 2,668 loans were disbursed which was 424 or 19% more than that disbursed in the previous year.
- ⦿ The total value of loans disbursed amounted to \$268.9 million, \$47 million or 21% more than the amount in 2010.
- ⦿ As illustrated in Chart 2, the number of loans disbursed compared to 2010 increased by over 30% in the months of May, June and September.
- ⦿ Loan demand peaked in August with 299 loans disbursed for the month.

Grace Co-operative Credit Union Limited



Chart 1: Value of Loan disbursements

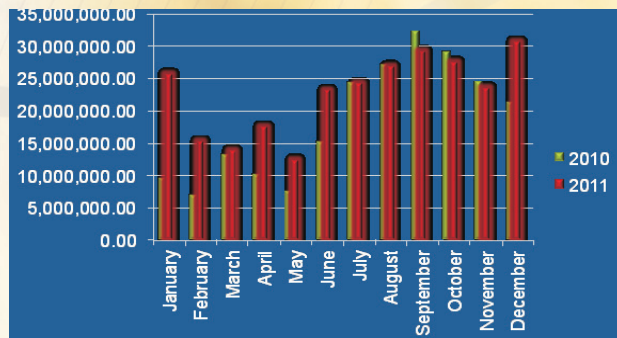
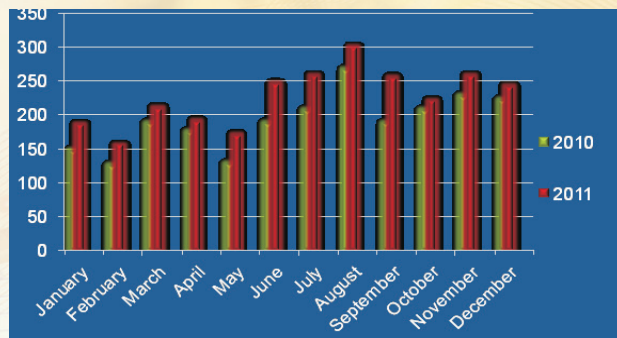


Chart 2: No. of Loans disbursed



- ⊙ The total number of loans disbursed year to date compared to target, as shown in chart 3, was 52% above projection.
- ⊙ Total disbursements were significantly above projections in the months of January (16M), September (14M), October (10M) and December (14M)

Chart 3: Actual vs Projected Disbursements

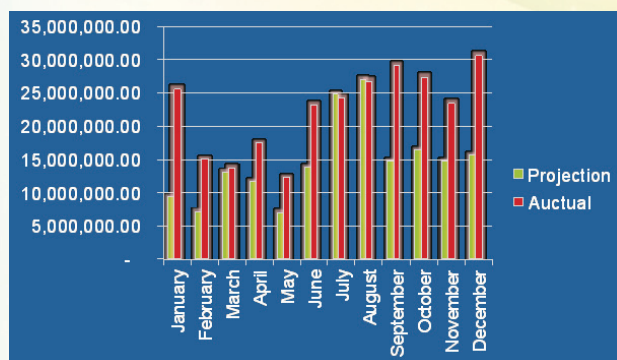
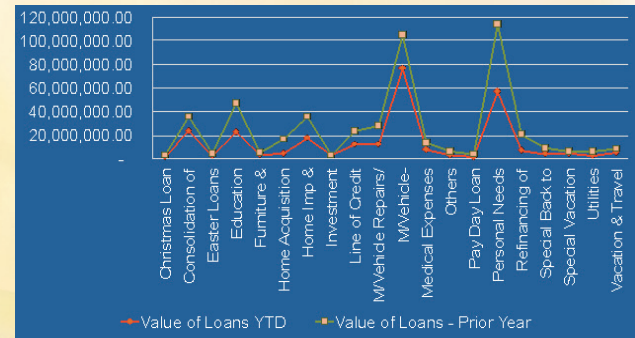


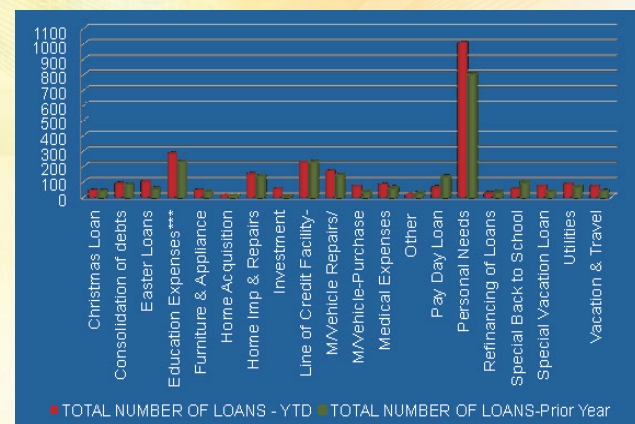
Chart 4: Value of Loans Approved YTD compared to Prior Year



Value of Loans Approved YTD compared to Prior Year

- ⊙ Chart 4 shows that loans for motor vehicle purchases topped the portfolio with disbursements valued at \$76.2 million compared to \$28.2 million last year.
- ⊙ Loans for personal needs was next at \$56.5 million compared to \$56.9 million in 2010.
- ⊙ Loans for consolidation and educational purposes followed at \$23.4 and 22.7 million in comparison to \$24 and 11.9 million respectively in the previous year.

Chart 5: No. of Loans Approved YTD compared to Prior Year



We are always here for you!

ANNUAL GENERAL MEETING 2012



Grace Co-operative Credit Union Limited

No. of Loans Approved YTD compared to Prior Year

- ⊙ As illustrated in chart 5, in 2011 there was a strong demand for loans for personal needs which led to the disbursement of 1005 loans compared to 801 last year.
- ⊙ A total of 280 loans were disbursed for educational purposes in 2011 compared to 229 disbursed in 2010.

Notable Increase in the Value of Loans disbursed by purpose

Loan Purpose	Value of Loans YTD	Value of Loans Prior Year	% Change	% Change in the # of Loans
Medical Expenses	7,925,741.61	5,766,284.98	37%	41%
Vacation & Travel	5,082,690.23	3,155,042.27	61%	76%
Consolidation of debts	23,442,250.22	11,937,421.40	96%	9%
Special Vacation Loan (Summer)	4,284,752.25	1,822,300.00	135%	97%
M/Vehicle-Purchase	76,215,995.25	28,269,235.10	170%	113%
Investment	3,243,497.06	13,000	24850%	5000%

Notable Decrease in the Value of Loans disbursed by purpose

Loan Purpose	Value of Loans YTD	Value of Loans Prior Year	% Change	% Change in the # of Loans
Home Acquisition	4,436,617.92	12,253,207.51	-64%	22%
Refinancing of Loans	6,963,120.31	13,258,305.61	-47%	-18%
Special Back to School	3,601,774.00	5,298,450.00	-32%	-42%
Utilities	2,399,029.50	3,497,074.38	-31%	32%
Pay Day Loan	1,458,900.00	2,119,360.00	-31%	-55%
M/Vehicle Repairs/Mtnc. Insurance	12,111,960.57	15,906,676.11	-24%	20%

Grace Co-operative Credit Union Limited



Initiatives employed

- ⊙ Ongoing member education & recruitment program
- ⊙ Use of email and Cyber village to showcase products
- ⊙ Capturing information on system accurately i.e. loan purpose
- ⊙ Being proactive in discussing financial options and solutions with members
- ⊙ Creating and reviewing products to ensure relevance to members' needs

Acknowledgement

- ⊙ We wish to thank the Management and staff of the Credit Union for their co-operation and assistance throughout the year.
- ⊙ We would also like to thank the members of the Credit Union for the opportunity to serve.

Committee Members

- ⊙ **Sophia Dennis** - Chairperson
- ⊙ **Marsha Cope-Johnson** - Secretary
- ⊙ **Leighton Grant**
- ⊙ **Marcia Dinnall-Douglas**
- ⊙ **Colin Atkinson**

Sophia Dennis
Chairperson



Grace Co-operative Credit Union Limited

REPORT OF THE SUPERVISORY COMMITTEE FOR YEAR ENDED 31ST DECEMBER 2011



During the year, our Committee met to examine the affairs of the Credit Union and performed audits and follow-up reviews on audit findings reported by the Jamaica Co-operative Credit Union League (JCCUL) and Bank of Jamaica (BOJ).

Members of the Supervisory Committee were:-

- Miss Beverley Wright (Chairperson)
- Mrs. Lorna Reynolds-Minott (Secretary)
- Mrs. Jean Grant
- Miss Troy-Marie McDonald
- Mr. Aden Whittaker

Our review work program for the year 2011 included the following:

- Examination of the internal controls surrounding the loan process
- Inspection of loan forms for completeness and compliance with loan policy, and
 - Follow up review on audit findings reported by JCCUL and BOJ from the following reviews:
 - JCCUL - Members Fixed Deposit Review
 - JCCUL - Disbursement Review
 - JCCUL - Bank Reconciliation Review
 - JCCUL - Compliance Review
 - BOJ - On-Site Examination

We are satisfied that the Board of Directors, Officers and Staff members handled the affairs of the Credit Union properly, provided us with the information we required and dealt promptly with the queries and the recommendations made by the Committee.

We wish to sincerely thank the Manager and the members of staff of the Credit Union for their co-operation during the year in enabling us to carry out our task.

I would also like to express my thanks to the members of this Committee for the work done and to thank the membership, on behalf of the Committee, for the privilege of serving during the year.

Beverley Wright
Chairperson

As SUMMER APPROACHES

there is only one thing on your mind !!



I NEED A VACATION

**WELL, GRACE CO-OPERATIVE WILL HELP YOU
GET THAT VACATION YOU DESERVE!!**

Apply for
THE GCCU VACATION LOAN

**Up to
\$100,000.00**

**As low as 14% p.a.
No collateral
needed**

**6 MONTHS
TO REPAY**

For more information, please call Saneth 932-3467, Nesta 932-3508 or Camille 932-3496

Conditions apply



Grace Co-operative Credit Union Limited

DELEGATES' REPORT ON THE 70TH ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE LTD.

The JCCUL's Milestone 70th Annual General Meeting was held from May 19-22 at the Ritz-Carlton Golf & Spa Resort in Montego Bay, St. James under the theme: "Embracing New Frontiers".

In attendance were Fifty-three (53) delegates, 37 alternates and scores of observers.

Special invited guests included:

- **Mr. Richard Ensweiler**
(President of the Texas League),
- **Mr. Errol Gallimore**
(Registrar of the Department of Co-operatives and Friendly Societies),
- **Mrs. Marsha Donalds**
(Manager of PriceWaterhouseCoopers Ltd),
- **Mr. Andre Goindoo,**
(Managing Director of CUNA Caribbean Insurance Society).

AWARDS BANQUET

The evening's guest speaker was Mr. Phillip Paulwell, shadow Minister of Industry, Commerce & Technology.

AWARDS

Four credit unions topped the list of achievers by capturing Credit Union of the Year awards in the four designated categories:

Mega Credit Union

The winner of the OJ Thorbourne, Mega Credit Union Award for credit unions with assets of over \$2billion went to JTA Co-operative Credit Union. The runner-up in the category was Jamaica Police Credit Union.

Large Credit Union

The Renford Douglas Credit Union of the Year award for Large Credit Unions went to AAMM Co-operative Credit Union with the runner-up award going to NWC Co-operative Credit Union. Both Credit Unions have assets greater than J\$1billion to \$2billion.

Medium-sized Credit Union

JDF Co-operative Credit Union claimed the Paul Thompson Award in this category runner-up was NAJ Co-operative Credit Union.

Small Credit Unions

BJ Staff Co-operative Credit Union walked away with the John Peter Sullivan award for Small Credit Unions while CG Co-operative Credit Union came in just behind for the runner-up in this category.

Sectional Awards

- *Highest Asset Growth*
NCB Credit Union
- *Most Improved Solvency*
St. Elizabeth Credit Union
- *Most Improved Net Capital/Assets Ratio*
Manchester Credit Union
- *Parish Credit Union with Highest Return on Assets*
Portland Credit Union
- *Parish Credit Union with Highest Loan Growth*
Portland Credit Union
- *Most Outstanding Parish Credit Union*
First Regional Credit Union

Grace Co-operative Credit Union Limited



ANNUAL GENERAL MEETING

The annual general meeting on Saturday, May 21 began at 9:00 a.m. Parliamentary rules were observed. It was the first year of Presidency for President Johnathan Brown. He summarized the Board Report in a PowerPoint presentation. He highlighted the achievements of the Credit Union Movement in 2010, pinpointing the areas of gain and noting the areas for improvement. Following his presentation Treasurer Ian McNaughton took the delegates through the Treasurer's report. Both sessions generated much discussion.

RESOLUTIONS

The meeting examined a resolution to amend Rule 9(1) pertaining to share capital and liability. The AGM was seeking to increase to two million, seven thousand, and Five Hundred and fifty dollars (\$2,007,555) the minimum share holding in the League.

The amended rule now reads:

"The share capital of the League shall be unlimited, divided into shares of the par value of one dollar (\$1.00) each; PROVIDED that every member society shall subscribe to at least two million, seven thousand and fifty-five dollars (2,007,555) such shares within such time as may be agreed with the Board and provided that the League in general meeting may, as the business of the League requires from time to time, increase the minimum shares that a member society shall hold."

The meeting also passed a resolution for the League to continue lobbying the Bank of Jamaica regarding its proposed regulation of the Movement. A resolution was also passed to change the words "Credit Unions" in the League rules to "member societies" wherever this occurs in accordance with the interpretation section of the rules.

DISTRIBUTION OF SURPLUS

The League's surplus was distributed as follows:

	Millions (\$)
Capitalized Dividend (10%) on Permanent Shares	– 8.01
Cash interest of (5%) on Voluntary Shares	– 6.13
Honoraria	– 2.49
Emergency Fund	– 1.81
CODEFCO	– 1.00
Gifts & Charities	– 1.00
Milestone Events	– 2.00
Institutional Capital	– 68.11
Total	– 90.55

FIXING OF MAXIMUM LIABILITY

The League's maximum liability was again fixed at J\$12 billion.

CONGRATULATORY RESOLUTIONS

Two congratulatory resolutions were passed:

- Mr. Ertis Blake, President of C&WJ Co-operative Credit Union was awarded the 2010 Credit Union Executive Society (CUES) Director of the Year and;
- Dr. Dorothy Raymond was recognized for her award of Officer of the Order of Distinction in the Field of Education and service to the Credit Union Movement.



Grace Co-operative Credit Union Limited

CONDOLENCE RESOLUTIONS

Condolence resolutions were passed for:

- ❖ Mr. Ferdinand Alfredo Reid – Lascelles Employees & Partners Co-operative Credit Union
- ❖ Leonard Williams and Gladys McDowell - JTA Co-operative Credit Union
- ❖ Victor Drum - Westmoreland Credit Union
- ❖ Herman Johnson - Montego Co-operative Credit Union
- ❖ Alstyné Nesbitt - JPS & Partners Co-operative Credit Union

The following persons comprise the 2011-2012 Board of the Jamaica Co-operative Credit Union League.

- Mr. Johnathan Brown** – *President*
- Mr. Derrick Tulloch** – *1st Vice President*
- Ms. Carol Anglin** – *2nd Vice President*
- Mr. Ian McNaughton** – *Treasurer*
- Ms. Fay Davis** – *Assistant Treasurer*
- Mr. Clinton Pickering** – *Secretary*
- Dr. Dorothy Raymond** – *Asst. Secretary*

The annual general meeting ended at 3:58 pm.

Hope Mowatt

Grace Co-operative Credit Union Limited



REPORT OF THE NOMINATING COMMITTEE

In accordance with Article 11 Rule #63 (i) the Board of Directors of Grace Co-operative Credit Union Limited appointed a Nominating Committee which comprised the following persons:

Mr. Eric Mardner : *Chairman*
Mrs. Naomi Holness : *Secretary*
Ms. Hope Mowatt

The Status of the volunteers was as follows:

BOARD OF DIRECTORS

Retiring

Mr. Gilroy Graham
Mr. Jerry Hamilton
Mrs. Sandra Barnett
Mrs. Karen Walker
Mrs. Tamara Garel

Recommended

Mr. Gilroy Graham
Mr. Jerry Hamilton
Mrs. Stacy Smith
Mrs. Karen Walker
Mrs. Tamara Garel

Term

2 years
2 years
1 year
2 years
2 years

Not Retiring

Mr. Andrew Levy
Mr. Christopher Bond
Ms. Cathrine Kennedy
Mr. Eric Mardner

Unexpired Term

1 year
1 year
1 year
1 year

CREDIT COMMITTEE

Retiring

Mrs. Sophia Gordon – Dennis
Mrs. Marcia Dinnall-Douglas
Mr. Colin Atkinson
Mrs. Marsha Cope-Johnson

Recommended

Mrs. Jean Grant
Ms. Maria Lewis
Mrs. Camelle Ricketts-Moore
Mrs. Marsha Cope-Johnson

Term

2 years
1 year
1 year
2 years

Not Retiring

Mr. Leighton Grant

Unexpired Term

1 year



Grace Co-operative Credit Union Limited

SUPERVISORY COMMITTEE

Retiring

Ms. Troy-Marie McDonald
Mrs. Lorna Reynolds- Minott
Ms. Beverley Wright
Mrs. Jean Grant
Mr. Aden Whittaker

Recommended

Ms. Troy Marie McDonald
Mrs. Lorna Reynolds – Minott
Miss Beverley Wright
Mrs. Sophia Dennis
Mr. Aden Whittaker

Term

1 year
1 year
1 year
1 year
1 year

DELEGATES TO THE LEAGUE AND OTHER SOCIETIES

DELEGATES

President
General Manager

ALTERNATES

Treasurer
Secretary/ 2nd Vice President

Naomi Holness (Mrs.)
Secretary

Something to crow about!



It's Better to be a JIIC Client!

- **Rated B++ (secure) by A.M Best**
(International Rating Agency)
- **CSI is consistently 95-100%**
- **Claims processing is exceptional, we have service standards that ensure that we deliver on our promise to the customers**
- **99% of clients will refer us to a relative or friend**



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ANNUAL GENERAL MEETING 2012

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Grace Co-operative Credit Union Limited



THE NEW NOMINEES



Mrs. Stacey Smith

Mrs. Smith joined the GraceKennedy Group on March 4, 2009 from Air Jamaica Holdings Limited where she had been employed for the previous two (2) years in the capacity of Associate General Counsel.

Prior to this, she practiced at the law firm of Dunn Cox for approximately four (4) years as an Associate Attorney in the firm's litigation department.

She is a graduate of the University of the West Indies Mona where she attained a Bachelor of Laws Degree and the Norman Manley Law School where she received the Certificate in Legal Education. She was admitted to the Jamaican Bar in October 2002.

Mrs. Smith is currently a member of the GraceKennedy Group Corporate Secretariat and Legal Department where she serves in the capacity of Legal Counsel and Manager, Corporate Secretariat, GraceKennedy Financial Group.



Mrs. Camelle Ricketts-Moore

Mrs. Ricketts-Moore has been employed to GraceKennedy Ltd since 2001 and has worked in several companies and departments including Carib Star Shipping Ltd., Internal Audit and Supply Chain Department.

Her qualifications include being a graduate of GraceKennedy Supervisory Development Program, Certified Internal Auditor as well as holding a MBA in Finance from Manchester Business School with Distinction where she was also the valedictorian for the graduating class of 2009. She is also a Fellow Chartered Accountant and a proud graduate of Camperdown High School.



Ms. Maria Lewis

Ms. Lewis joined the GraceKennedy Group in the position of Human Resources Officer effective March 9, 2009 from Pan Caribbean Financial Services, where she was employed for the previous four (4) years in the capacity of Human Resources Junior Officer.

Prior to this, she was employed at UGI Finance & Investments Limited for approximately four (4) years, as a Receptionist and Customer Service Representative.

She is currently reading for a Bachelors Degree in Business Administration at the University College of the Caribbean, having completed the Diploma in Accounts & Finance Management, and an Associate Degree in Business Administration.

Also, she is reading for professional qualification as a Senior Professional in Human Resources (SHPR) at the B & B Institute.

Recently she was awarded at GK HR Championship' Award – HRMIS Award as a member of the "Fantasy Five" in recognition of outstanding contribution to the HR Software Project.

She is the proud mother of a beautiful baby girl and enjoys running and travelling in her spare time.



Grace Co-operative Credit Union Limited

CONTACT PERSONS LIST

COMPANY

ALLIED INSURANCE BROKERS LIMITED
APM TERMINAL (JA) LIMITED
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FIRST GLOBAL FINANCIAL SERVICES
GFP CANNING
GFP MEAT
GRACE EXPORT TRADING
GATEWAY SHIPPING INT'L
GRACE KENNEDY INVESTMENTS
GRACEKENNEDY REMITTANCE SERVICES
HARBOUR COLD STORAGE
HARDWARE & LUMBER
HI-LO FOOD STORES LTD
JA INT'L INSURANCE CO LTD
KINGSTON WHARVES LIMITED
NATIONAL PROCESSORS LTD
WORLD BRANDS LTD
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CORPORATE FINANCE & ACCOUNTS
CORPORATE H R DEPT
CUSTOMER SERVICE / CREDIT
FACILITIES MANAGEMENT
GK FOODS BUSINESS SYSTEMS DEPT
GK FOODS H R DEPT
GRACE & STAFF COMMUNITY DEV
GROUP SECRETARIAT
INTERNAL AUDIT
SALES/MERCHANDISE

NAME

MS. HORTENSIA HILL
MR. COLIN MCHAYLE
MS. DELORITA DEAN
MS. DOREEN ROWE
MS. CAROL MITCHELL
MS. CAVEL SMITH
MS. CAVEL SMITH
MS. JULIAN MARAGH
MRS. CHRISTINE DAVIDSON
MRS PATRICIA MEGHOO-OBBERLI
MS. HOPE ATKINSON
MS. COLEEN HENRY
MRS. CHARMAINE HYMAN-BROWN
MS. WINSOME SMITH
MS. NOVELETTE HARRIS
MS NICKEISHA VERMONTH
MRS TRACIE-ANN VIRGO
MR LUDLOW MCBEAN
MR KANHAI MOWATT
MS JACQUELINE HALL
MS. DIONNE RHODEN
MRS. JACQUELINE TOYLOY
MRS. LORRAINE BLAIR-BAKER
MRS. COVENETTE BROWN
MRS SHAWN THOMPSON-POWELL
MRS. PETA-GAY DUNN-COORE
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Notes



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Prayer of St. Francis of Assisi.

Lord, make an instrument of thy peace,
Where there is hatred let me sow love,
Where there is injury, Pardon,
Where there is doubt, Faith,
Where there is despair, Hope,
Where there is darkness, Light, and
Where there is sadness, Joy.

Divine Master, grant that I may not
So much seek to be consoled as to console,
To be understood as to understand,
To be loved, as to love,
For it is in giving that we receive,
It is in pardoning that we are pardoned,
And it is in dying that we are born to Eternal Life.